

1 UNITED STATES DISTRICT COURT

2 CENTRAL DISTRICT OF CALIFORNIA

3 HONORABLE ANDREW J. GUILFORD, JUDGE PRESIDING

4 BRUCE CAHILL, ET AL., )

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6 Plaintiffs, )

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8 Vs. )

No. SACV16-0686-AG

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10 PAUL PEJMAN EDALAT, ET AL., )

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12 Defendants. )

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16 REPORTER'S TRANSCRIPT OF PROCEEDINGS

17 *JURY TRIAL, DAY 4*

18 SANTA ANA, CALIFORNIA

19 FRIDAY, JULY 28, 2017

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22 MIRIAM V. BAIRD, CSR 11893, CCRA  
23 OFFICIAL U.S. DISTRICT COURT REPORTER  
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Exhibit 575 received

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1 SANTA ANA, CALIFORNIA; FRIDAY, JULY 28, 2017; 8:00 A.M.

2 ---

3 THE COURT: It's Friday at 8:00 o'clock, and the  
4 jury has shown up.

5 MR. MARKHAM: Yes, Your Honor. Very briefly,  
6 Mr. Kashani and I have agreed that a proper way to lay a  
7 foundation in this case for recordings that a witness has not  
8 heard, any witness, is to play in open court a  
9 noncontroversial part of the tape, maybe a minute or two at  
10 the beginning, in front of the jury.

11 Then if the witness says, yes, that's my voice,  
12 then it's deemed authenticated.

13 Is that correct?

14 MR. KASHANI: Yes.

15 THE COURT: All right. I appreciate your working  
16 that out, counsel. That's a very creative solution.

17 THE CLERK: All rise.

18 (Open court - jury present)

19 THE COURT: Welcome back, ladies and gentlemen.  
20 It's 8:00 in the morning. I appreciate your getting here  
21 early. You have all been so diligent. I see a few sleepy  
22 eyes, but I know you'll get right into it.

23 Counsel and I were just working out a tiny little  
24 evidentiary issue that will make things go more quickly  
25 today, and we are ready to roll -- which means Mr. Cullen --

1 MR. MARKHAM: Mr. Cullen should retake the stand,  
2 Your Honor?

3 THE COURT: Yes, please.

4 Continue.

5 **Greg Cullen Plaintiffs' Witness, previously sworn**

6 **CROSS-EXAMINATION RESUMED**

7 BY MR. KASHANI:

8 Q. Mr. Cullen, good morning.

9 Do you remember yesterday we were talking about the  
10 bill of sale of your purchase of assets of PharmaPak?

11 A. I do remember that, yes.

12 Q. Was there also a purchase agreement attached to this  
13 bill of sale?

14 A. I believe there was, yes.

15 MR. KASHANI: I'd like to offer Exhibit 42. I  
16 think it's stipulated.

17 THE COURT: Without objection 42 is admitted.

18 **(Exhibit 42 received.)**

19 BY MR. KASHANI:

20 Q. Now, sir, this bill of sale or this purchase agreement  
21 is dated March 11, 2016; is that correct?

22 A. It is.

23 Q. Now, earlier we saw what you say is a corporate  
24 authorization for the purchase. I would like to show that  
25 again. That's Exhibit 54?

1 A. Uh-huh.

2 Q. You have to answer audibly, sir.

3 A. Yes. I see that.

4 Q. And as you pointed out, the corporate authorization is  
5 dated also March 10th, consistent with the purchase  
6 agreement?

7 A. Actually the purchase agreement said March 11th.

8 Q. But before the purchase agreement?

9 A. Correct.

10 Q. Isn't it a fact, sir, that you and Mr. Cahill backdated  
11 the consent in order to make it appear before the purchase  
12 agreement?

13 A. I will share with you my recollection. I was sitting in  
14 Mr. Cahill's office with these documents. Mr. Cahill and I  
15 signed the resolution. I then called Mr. Franco. I believe  
16 Bruce called Mr. Scott, and I said we're not doing anything  
17 until we get signatures from them.

18 Q. Well, we went over that, sir. My question is --

19 A. Those signatures were on other pages that were not  
20 attached to the document with Bruce and my signature.

21 Q. Pages that we've never seen?

22 A. I saw them, and that was what was important to me before  
23 I did something that in my opinion would have been improper.

24 Q. Sir, can we just stick to the dates for a moment?

25 A. Sure.

1 Q. You said you sent around the unanimous consent  
2 resolution for the other shareholders to see. In fact, you  
3 just said that when you're signing the purchase and sale  
4 agreement, that's when you e-mailed it?

5 A. I actually didn't send any e-mails. It wasn't my  
6 company. I was --

7 Q. Well, someone --

8 A. -- a shareholder.

9 Q. But someone did?

10 A. Somebody did. I believe it was sent more than once.

11 Q. Isn't it a fact, sir, that the unanimous consent  
12 resolution wasn't sent out until March 14th after you and  
13 Mr. Cahill had transferred the assets?

14 A. Sure.

15 Q. I'd like to show you Exhibit 53. Didn't you testify  
16 before that Exhibit 53 is your sending around or Bruce  
17 sending around -- Mr. Cahill sending around the unanimous  
18 consent resolution?

19 A. I see that.

20 Q. And don't you see, sir, that the unanimous consent  
21 resolution was not sent until March 14, which is after you  
22 had already sold the assets to yourself?

23 A. I do see that.

24 Q. So what happened here, sir, is that you got together  
25 with Mr. Cahill in his office, transferred the assets to



1 yourselves, and then papered the transaction a few days  
2 later. Isn't that what you did?

3 A. No, that's not what happened, sir.

4 Q. Did you send -- and then in that case did you send the  
5 unanimous consent resolution on March 14 and then backdate  
6 the bill of sale so it would appear to be before you got the  
7 consent?

8 A. I'll explain if you allow me.

9 Q. Please.

10 A. Sure. In a setting like this it is not uncommon that  
11 more than one e-mail may go out. Okay? Some people didn't  
12 respond to this. Your client didn't respond to it.  
13 Mr. Asvadi to my knowledge did not respond to it. So it  
14 wouldn't surprise me that there's more than one e-mail like  
15 this that did go out.

16 Q. Okay. Where are those other e-mails, sir? We'd be  
17 happy to see them.

18 A. I don't know where they are.

19 Q. Like the signatures that you don't know where they are?

20 A. As I explained yesterday, I sat in Mr. Cahill's office  
21 and did nothing until I personally saw a consent to this from  
22 a majority of the shareholders -- Mr. Scott and Mr. Franco --  
23 and they can -- you can ask them under oath if they signed  
24 that.

25 Q. Sir, is that what you testified to in your deposition?

1 A. I don't recall. Maybe I could -- you could point out my  
2 deposition and refresh my memory.

3 Q. Well, I'll just read from your deposition.

4 A. Sure.

5 MR. MARKHAM: Can you give us a page?

6 MR. KASHANI: One second, please.

7 MR. MARKHAM: And which deposition? There's two.

8 MR. KASHANI: That's correct. This is  
9 Mr. Cullen's -- I call it the first deposition. It's a  
10 deposition where he was testifying personally.

11 MR. MARKHAM: Okay.

12 MR. KASHANI: And it's page 76, lines 17 through  
13 22:

14 "Question: So are you saying that you believe  
15 there's another document that has not been produced?

16 "Answer: I would imagine there is a document like  
17 this that has Shane and Ron's signature, yes. I would  
18 believe that to be the case because I did speak to them at  
19 this time."

20 BY MR. KASHANI:

21 Q. Now, sir, you're telling this jury today that you saw  
22 the document with Ron and Shane's signatures. That's what  
23 you're telling this jury under oath today; correct?

24 A. That's what I'm telling them.

25 Q. But in your deposition you were also testifying under

1 oath?

2 A. Yes. And in my deposition, as you might imagine --

3 Q. You've answered my question, sir. You were testifying  
4 under oath?

5 A. Yes.

6 Q. In your deposition you testified that you would imagine  
7 that there was a document out there with the signatures, but  
8 you did not say in your deposition that you saw such a  
9 document?

10 A. I didn't give it much thought in my deposition. I have  
11 thought this through many times since that and I remember  
12 specifically, and I confirmed it with Mr. Franco that he and  
13 I had a phone conversation.

14 MR. KASHANI: Objection. Move to strike as  
15 hearsay.

16 THE COURT: Sustained.

17 THE WITNESS: Okay.

18 BY MR. KASHANI:

19 Q. Now, I want to go back to this trust of yours.

20 A. Okay.

21 Q. Sir, the entity that bought the shares in this case is  
22 your trust; is that correct?

23 A. I believe they are held in my trust.

24 Q. Not held, sir. Hasn't it been factually stipulated that  
25 the trust purchased the shares?

1 A. I believe so.

2 Q. Now, that --

3 A. I didn't read all the stipulations, just for the record.

4 Q. That trust, that's an entity I assume you set up for tax  
5 reasons or asset reasons? Some reason you had; correct?

6 A. Yes.

7 Q. Now, that trust is a legitimate trust; isn't it?

8 A. As far as I know. I paid an attorney to set it up, so I  
9 would assume so.

10 Q. And that trust is a separate legal entity from you  
11 individually; is it not, sir?

12 A. You know, you would have to speak to my lawyer who set  
13 it up. I don't necessarily consider them separately, but  
14 maybe under the definition of the law they would be.

15 Q. Well, sir, if some creditor came up, you're not going to  
16 say that that trust and you are one and the same; are you?

17 A. My bank considers it when they ask for my guarantee, so  
18 I've never viewed them as different.

19 Q. But when the trust borrows money, the bank asks for a  
20 separate guarantee from you; right?

21 A. The trust has never borrowed money.

22 Q. When the trust engages in transactions, the bank treats  
23 you separately; do they not, sir?

24 A. Actually the trust is never engaged in those type of  
25 transactions to my knowledge.

1 Q. In any event, sir, you set up this trust and it's a  
2 legitimate entity; correct?

3 A. That's my understanding, yes.

4 Q. And you are here as a plaintiff as an individual; is  
5 that correct, sir?

6 THE WITNESS: John, could you clarify that?

7 MR. MARKHAM: I can't.

8 THE WITNESS: Okay.

9 BY MR. KASHANI:

10 Q. Sir, why don't I show you your complaint in this case.

11 MR. MARKHAM: Your Honor, I can shortcut this. The  
12 complaint names Greg Cullen, not Greg Cullen as trustee.

13 MR. KASHANI: All right. Thank you.

14 THE COURT: Thank you for that. Appreciate it.

15 BY MR. KASHANI:

16 Q. Now, sir, you've testified that you relied on some  
17 information regarding Sentar Pharmaceutical in making your  
18 investment in PharmaPak; is that correct?

19 A. I relied on it to be truthful, yes.

20 Q. Isn't it a fact, sir, that you understood that Sentar  
21 was separate from PharmaPak and that your decision as to  
22 Sentar was independent?

23 A. It was clear to me that Sentar was a separate company.

24 Q. A separate company in which you did not invest?

25 A. In which I was promised an interest.

1 Q. Sir, can you just answer my question?

2 A. Yes, but I did not write a check to Sentar. That's  
3 correct.

4 MR. KASHANI: I'd like to show Exhibit 604. I  
5 think it's in evidence.

6 Mr. Markham, Exhibit 604?

7 THE COURT: It's not in evidence, but it was  
8 stipulated. It's admitted without objection.

9 **(Exhibit 604 received.)**

10 BY MR. KASHANI:

11 Q. Is Exhibit 604, sir, an e-mail from you to Paul Edalat  
12 and Bruce Cahill dated September 18, 2015?

13 A. Yes, it is.

14 Q. And in this e-mail are you describing the investment  
15 that you're going to make in PharmaPak?

16 A. Yes, it does.

17 Q. And do you state clearly in your e-mail that the  
18 investment would be in PharmaPak for a ten percent interest  
19 in the company?

20 A. These were some of the initial discussions that I was  
21 having with Mr. Edalat, yes.

22 Q. Well --

23 A. Well, not the conclusive, but certainly one of the  
24 initial discussions, yes.

25 Q. Well, in the end isn't that what happened is that you

1       invested? Well, you didn't invest 500,000, but you invested  
2       250,000 in shares in PharmaPak; is that correct?

3       A.     Actually it says from me, but it was the trust that did  
4       it, to clarify.

5       Q.     Yes, it is. Thank you.

6               Now, sir, one of the things that you cover here is  
7       that you're buying shares from Mr. Edalat; is that correct?

8       A.     Yes.

9       Q.     Did you have the option to ask to buy shares directly  
10      from the company?

11      A.     I don't recall that being part of the discussion.

12      Q.     But you understand the difference between buying shares  
13      directly from the corporation and buying shares from another  
14      shareholders; don't you?

15      A.     I do.

16      Q.     And if you chose to do so and insisted and bought shares  
17      directly from the company, then 100 percent of your money  
18      would go to the company and not to Mr. Edalat; is that  
19      correct?

20      A.     That would be the normal course, yes.

21      Q.     As it happened, you said you bought \$250,000. Of that,  
22      how much money went to Mr. Edalat and how much did you  
23      deposit directly into the company?

24      A.     All of it went to Mr. Edalat or to pay down debts of  
25      Mr. Edalat's.

1 Q. Were they debts or capital costs?

2 A. My understanding is they were obligations of his to the  
3 company.

4 Q. Well, sir, in any event you gave -- you've been  
5 talking -- you've said -- I want to clarify this point.  
6 You've said that Mr. Edalat took \$2 million. That's what  
7 you've been saying here; is that correct?

8 A. Collectively he took, I'll say, approximately two  
9 million. We can do an accounting. It might be slightly  
10 less.

11 Q. Well, isn't it a considerably less, sir? Your \$250,000,  
12 of that you gave \$100,000 to Mr. Edalat to purchase shares;  
13 is that correct?

14 A. Yes, absolutely. That's correct.

15 Q. And then you deposited directly \$100,000 into the bank  
16 account of PharmaPak; is that correct?

17 A. At Paul's request, yes.

18 Q. And then you gave \$50,000 to Bruce Cahill?

19 A. At Paul's request, to pay down his debt to Mr. Cahill.

20 Q. Well, that's what you're saying. I haven't -- is there  
21 a --

22 MR. MARKHAM: Objection, Your Honor, to that's what  
23 he's saying.

24 THE COURT: Sustained.  
25



1 BY MR. KASHANI:

2 Q. Is there --

3 THE COURT: Hold on. Stop. The objection is  
4 sustained. Start a new question.

5 BY MR. KASHANI:

6 Q. Is there a note or other document that indicates that  
7 Mr. Edalat owed money to PharmaPak?

8 A. That's a great question. I was not -- I was just coming  
9 in as an investor, and Paul asked me to do that --

10 Q. I --

11 A. -- to take care of his obligation. Did I see a note  
12 between him and the company? I did not, but it didn't  
13 matter. The money was going to him, and he could have put it  
14 all in his pocket and then turned around and redeposited it  
15 into the bank account. To save that step, he asked me to  
16 deposit it directly into the bank account.

17 Q. Well, you say it's a debt. But regardless of how you  
18 characterize the transaction, isn't it a fact that of the  
19 250,000 that you invested, 100,000 went to Mr. Edalat,  
20 100,000 went directly to PharmaPak, and 50,000 went to Bruce  
21 Cahill?

22 A. That is exactly how Paul directed me to make those  
23 checks, yes.

24 Q. Now, in the two million, are you including 750,000  
25 invested by Mr. Ron Franco's trust?

1 A. When I say \$2 million, no, I'm not, actually. Well,  
2 hold on. If you give me a moment, I'll do the math in my  
3 head.

4 Q. Sure.

5 A. No, I'm not.

6 Q. Well, where is the two million coming from? How do you  
7 get that number?

8 A. Okay -- from recollection. My understanding is that  
9 Mr. Cahill gave half a million to Mr. Edalat. Mr. Crowther  
10 gave 250,000 to Mr. Edalat.

11 Q. Wait a minute, sir. Oh, okay. I understand now.

12 A. I gave 250,000 to Mr. Edalat. That's a million.  
13 Mr. Asvadi and Mr. Scott gave 500,000 each to Mr. Edalat.  
14 That's two million.

15 Q. Okay. I understand where you're coming from, sir.

16 A. So if Mr. Edalat put a hundred thousand back in to the  
17 company to repay a loan, then maybe it's 1.9. But --

18 Q. I --

19 A. -- I didn't --

20 Q. I understand what you're saying. Mr. Crowther, is he  
21 here suing for his money back?

22 A. He is not to my knowledge.

23 Q. Is Mr. Crowther asking for anything from Mr. Edalat?

24 A. My understanding is they have ongoing business dealings,  
25 and he has other interests with Mr. Edalat.

1 Q. Sir, I asked you for your personal knowledge. Is  
2 Mr. Crowther suing Mr. Edalat for any of that \$500,000 back?

3 A. I don't have knowledge of that.

4 Q. And Mr. Asvadi whose trust invested, is the Asvadi trust  
5 asking for that \$500,000 back?

6 A. That would be a great question for him.

7 Q. Well, he'll be here later today.

8 A. My understanding is he's got a deal worked out with Paul  
9 to get his money back.

10 Q. Sir, I'm asking for your personal knowledge, not your  
11 understanding. Is Mr. Asvadi suing Mr. Edalat for any of  
12 that money back?

13 A. Not to my knowledge.

14 Q. So of the defendants in this room -- the plaintiffs in  
15 this room who are actually suing Mr. Edalat, how much money  
16 did you folks give to Mr. Edalat as opposed to went into the  
17 company?

18 A. 1.25 million.

19 Q. And of that 1.25 million, wasn't a lot also deposited  
20 one way or another into the company?

21 A. My understanding is that 100,000 of it was.

22 Q. Of your money?

23 A. Of my money.

24 Q. Are you aware that over half of Mr. Cahill's investment  
25 was in fact deposited into the company?

1 A. I'm not aware of that.

2 Q. Are you -- and Mr. Franco, of course, his entire  
3 investment of 750,000 went into the company?

4 A. Yes.

5 Q. So when you say Mr. Edalat got \$2 million, you're  
6 counting a million dollars from investors who are not suing  
7 him and are not in this courtroom?

8 A. Perhaps if Paul made deals with me, I wouldn't be suing  
9 him either.

10 Q. Sir, you're speculating as to deals; right? That's your  
11 speculation. That's not evidence.

12 A. I've seen documentation that Mr. Asvadi --

13 Q. Where is this documentation? More signatures that you  
14 imagined?

15 MR. MARKHAM: Objection, Your Honor. That's two  
16 questions.

17 THE COURT: Sustained.

18 THE WITNESS: I --

19 THE COURT: Hold on.

20 THE WITNESS: Okay.

21 THE COURT: Frame another question.

22 BY MR. KASHANI:

23 Q. Where is this documentation that you say of some deals  
24 between Mr. Edalat and Mr. Asvadi's trust or John Crowther?

25 A. I've seen documentation to the effect that show

1 Mr. Asvadi and Ms. Karpinski have stock in the new company  
2 which Paul is involved in now making patches, a publicly  
3 traded company. This is public information.

4 They're making --

5 Q. Where is this document, sir?

6 A. I'm sure we could dig it up. I think it's on the  
7 Internet.

8 Q. Isn't what really is going on here is that when you cut  
9 out Mr. Edalat as a shareholder, you also cut out Asvadi  
10 trust and John Crowther?

11 A. When I formed a new company -- when I formed a new  
12 company, I had conversations with people who I thought would  
13 be beneficial and productive in the new venture. A key  
14 element in forming any venture is whether or not you can  
15 trust the people you're working with. That's a key element.

16 Business is one element. Who you're working with,  
17 the character of who you're working with, is another huge and  
18 perhaps the most important --

19 Q. Excuse me, sir. Are you now challenging the character  
20 of John Crowther as well?

21 A. No. I did talk to John and asked him if he would be  
22 interested in being part of the new company.

23 Q. Sir, is that a -- wasn't Mr. Crowther already a  
24 shareholder in PharmaPak?

25 A. Yes, he was.

1 Q. And are you saying that as a director of -- now, as a  
2 director of PharmaPak, Bruce Cahill had fiduciary duties to  
3 all the shareholders, not just his buddies; right?

4 A. Of course he did.

5 Q. And didn't that fiduciary duty include the duty not to  
6 do self dealing?

7 A. Of course it did.

8 Q. So Mr. Cahill had no right to take the assets of the  
9 corporation, PharmaPak, out from under the other shareholders  
10 and transfer it to a company that he owned?

11 MR. MARKHAM: Objection, Your Honor.

12 THE WITNESS: Of course he didn't.

13 THE COURT: Hold on. When you hear an objection --

14 THE WITNESS: Sorry.

15 THE COURT: The objection is?

16 MR. MARKHAM: Legal conclusion -- no right.

17 THE WITNESS: Yes. That's why I --

18 THE COURT: Boy --

19 THE WITNESS: Sorry.

20 THE COURT: I'm tempted to make a comment about  
21 Harvard men. This public-school guy is wearing the black  
22 robe, so -- just see if you can rephrase.

23 BY MR. KASHANI:

24 Q. Sir, is it -- in your understanding was it consistent  
25 with Mr. Cahill's fiduciary duty to all the shareholders of

1 PharmaPak to take the assets of PharmaPak into a company that  
2 he owned?

3 A. That would be improper, and I did not permit it.

4 Q. Fair enough.

5 Let's go back to your e-mail, Exhibit 604. Now, in  
6 your e-mail did you not state that you understood that Sentar  
7 was independent?

8 A. I did state that.

9 Q. Sir, before you invested in PharmaPak, you had prior  
10 dealings with Mr. Cahill; is that correct?

11 A. I've known him for probably 15 years. Yes.

12 Q. And you were involved in different business with  
13 Mr. Cahill?

14 A. One different business, yes.

15 Q. How did that business go?

16 A. It failed.

17 Q. So you had previously been involved in a failed business  
18 with Mr. Cahill, and Mr. Cahill asked you to invest in  
19 PharmaPak?

20 A. He mentioned the company to me. We talked over the  
21 years about all sorts of things we were involved in.

22 Q. Sir, who originally approached you to invest in  
23 PharmaPak?

24 A. Bruce told me what he was working on. He and I had a  
25 meeting. I don't recall him saying: Come down here. We

1 would like you to invest.

2 Q. But Bruce Cahill introduced you to PharmaPak?

3 A. Yes. Fair statement.

4 Q. And that's understandable because you had the prior  
5 relationship with Bruce Cahill?

6 A. Correct.

7 Q. You had no prior relationship with Mr. Edalat?

8 A. I did not.

9 Q. And you certainly had no relationship with  
10 Ms. Karpinski?

11 A. I did not.

12 Q. Bruce Cahill was CEO of PharmaPak; correct?

13 A. That is correct.

14 Q. Bruce Cahill signed your trust's shares; did he not?

15 A. I believe he did.

16 Q. Bruce Cahill signed the purchase agreement for shares  
17 with your trust?

18 A. Yes. I think that's correct.

19 Q. And you had conversations with Bruce Cahill before  
20 investing here today?

21 A. I did have some conversations, yes.

22 Q. One of your complaints is you're claiming that you did  
23 not know that Mr. Edalat had previously been subject of an  
24 FDA action; is that correct?

25 A. That's correct.



1 Q. Now, you invested when? October 2015?

2 A. Correct.

3 Q. Have you -- you've been sitting in this courtroom;  
4 right?

5 A. Yes.

6 Q. Did you see the e-mail dated January 2015 in which  
7 Mr. Edalat sent Mr. Cahill a copy of the FDA Injunction and  
8 Consent Decree?

9 A. I saw it in the courtroom for the first time, yes.

10 Q. So isn't it clear based on that e-mail that Mr. Cahill  
11 had some knowledge in January 2015 of Mr. Edalat's FDA  
12 problems?

13 A. It would certainly appear if everything that e-mail was  
14 true and he read it. I would say even with my education, the  
15 word consent decree doesn't really mean much to me  
16 personally. I mean, that's a very uncommon term. So a  
17 consent decree kind of sounds like two people getting married  
18 or something.

19 Q. Well, wait a minute. You've never heard of, for  
20 example, the Securities & Exchange Commission Consent Decree?

21 A. I've never heard that term before, no.

22 Q. But in any event, Mr. Cahill had knowledge of these  
23 issues before you invested?

24 A. It would appear so from the e-mail you showed.

25 Q. And Bruce Cahill introduced you to PharmaPak as the

1 investment?

2 A. Yes.

3 Q. And Bruce Cahill was the CEO of PharmaPak?

4 A. Yes, he was.

5 Q. Now, don't you think if this was a problem, it was  
6 Mr. Cahill's duty to tell you that: My partner here, Paul  
7 Edalat, has had some FDA problems?

8 A. I think if Bruce was fully aware of it, he should have  
9 informed me of that.

10 Q. Well, sir, this litigation has been going on for a  
11 while. There's been a lot of documents exchanged.

12 A. Sure.

13 Q. Hasn't it become clear to you and your attorney by now  
14 that Mr. Cahill had some knowledge of these FDA issues?

15 A. The interesting thing is I never saw the Consent Decree  
16 before you put it up on the screen.

17 Q. Because Bruce Cahill never showed it to you?

18 A. If he had it, he didn't show it to me.

19 Q. And Bruce Cahill never told you that Mr. Edalat was  
20 involved in a bankruptcy?

21 A. I don't -- I recall him telling me that after the  
22 company imploded.

23 Q. Sir, as between the CEO of the company who has this  
24 knowledge, and Mr. Edalat, who is responsible to tell you as  
25 a friend and the investor about these issues?

1 A. I would answer it this way: It would depend on what he  
2 knew and understood about those issues. I would also expect  
3 Paul to be forthcoming about the issues in his past --

4 Q. Isn't it a fact --

5 A. -- if I'm buying stock from him.

6 Q. Isn't it a fact --

7 A. Sorry.

8 THE COURT: Hold on.

9 THE WITNESS: I said I would expect Mr. Edalat, if  
10 I am buying stock from him, to disclose issues that might  
11 affect the future of the company.

12 BY MR. KASHANI:

13 Q. But, sir, Mr. Cahill was fully aware of your stock  
14 purchase from Mr. Edalat; was he not?

15 A. He was fully aware of the stock purchase from  
16 Mr. Edalat, yes.

17 Q. In fact, let's look again at your e-mail of  
18 September 18. You see that on your e-mail describing your  
19 stock purchase, Bruce Cahill is copied?

20 A. Yes. He was aware of it.

21 Q. Well, you're not suing Bruce Cahill; are you?

22 A. I'm not suing Bruce Cahill.

23 Q. Now, Mr. Edalat was not an officer or a director of  
24 PharmaPak; was he?

25 A. He claimed to be. He claimed to be a director.

1 Q. Sir, you've seen the corporate records?

2 A. I have.

3 Q. And you testified before that Mr. Cahill was the sole  
4 director?

5 A. Yes.

6 Q. And Ms. Karpinski, was she an officer or director of  
7 PharmaPak?

8 A. She was not an official officer or director.

9 Q. She was an employee; right?

10 A. Correct.

11 Q. And you sued her for fraud over your stock purchase;  
12 isn't that correct, sir?

13 A. I believe when you make false misleading statements,  
14 that's fraud.

15 Q. Just yes or no, sir.

16 A. Yes.

17 Q. You have sued Ms. Karpinski. So instead of suing the  
18 CEO of the company who is your friend that you knew for  
19 15 years and who introduced you to PharmaPak, you're suing an  
20 employee?

21 A. She's part of the suit, yes. There were other  
22 fraudulent --

23 Q. Is that what they taught you at the Harvard Business  
24 School, to blame the employees and --

25 MR. MARKHAM: He had not finished his answer.

1 THE COURT: Actually the answer -- it was adding  
2 on, but the question had been answered. And I'm not sure if  
3 the court reporter got what he added on, but it was an  
4 add-on. The question had been answered.

5 And now we have a question about what Harvard is  
6 doing?

7 THE WITNESS: Harvard Business School --

8 THE COURT: Hold on. Is that really relevant?

9 MR. KASHANI: No, sir. No, Your Honor.

10 THE COURT: Okay. So we need another question.

11 BY MR. KASHANI:

12 Q. Who told you to sue Olivia Karpinski?

13 A. We came to that conclusion after looking at what she and  
14 Paul did to, in my view, defraud PharmaPak and lead to its  
15 demise.

16 Q. Sir, who is we? You and Bruce Cahill?

17 A. I had a conversation with John Markham --

18 Q. I'm just asking you: Who is we?

19 A. We included Bruce. It included Shane, who was part of  
20 team Paul in the beginning. And there were lines he would  
21 not cross, and he said: They're crossing lines. I can't  
22 live with myself. I'm not going to cross those lines.

23 Q. Sir, isn't it a fact that all four of you who took the  
24 corporate assets of PharmaPak over to Life Tech, you're the  
25 four who are now suing Mr. Edalat and Ms. Karpinski?

1 A. Let me restate.

2 Q. I'm just asking. Those four who are listed in the  
3 PharmaPak -- in the Life Tech Global private offering  
4 memorandum as founders of Life Tech Global, these are the  
5 four who are suing Mr. Edalat and Mr. Karpinski [sic]?

6 A. I took the assets via a purchase agreement. The four  
7 did not take the assets, to be clear, because you made that  
8 statement, that's not clear. My company --

9 Q. I said the four who are listed as founders in your  
10 private offering memorandum, they're the ones who are suing  
11 Mr. Edalat and Ms. Karpinski?

12 A. The four individuals who I referred in a nonlegal manner  
13 in the PPM that I wrote as founders, yes, are the individuals  
14 suing Mr. Edalat and Ms. Karpinski.

15 Q. Isn't what happened here, sir, is that you four took the  
16 assets and then sued Mr. Edalat and Ms. Karpinski to shut  
17 them up?

18 A. PharmaPak was put out of business through their reckless  
19 actions, sir. There was no company left. In my business  
20 judgment Mr. Cahill did the most prudent thing he could to  
21 try to pay off the creditors. In the e-mail you showed the  
22 other day I sent out on February 19th, I said: Everybody,  
23 Mr. Edalat, we have maybe a week left in this company if we  
24 don't put more money. He chose not to invest \$31,000 to help  
25 it go.

1 Q. Sir, this company that you said had no money made your  
2 company, Life Tech, a loan of \$95,000; did it not?

3 A. That document, sir, the top heading of the document, if  
4 you want to put it up again, says promissory note. PharmaPak  
5 did not give me \$95,000 and a machine. I would welcome you  
6 to put that exhibit back up for the jury to see, because it  
7 says promissory note.

8 The promissory note is a promise of Life Tech  
9 Global to pay to PharmaPak \$95,000. PharmaPak was a company  
10 that had no money and had no ability to pay its creditors  
11 without going back to the shareholders and asking for more  
12 money.

13 Q. Sir, I refer you back to the promissory note,  
14 Exhibit 265.

15 A. I see it.

16 Q. Doesn't it say here that Life Tech Global is the  
17 borrower?

18 A. You want to pull it down so they can see the heading?

19 Q. Yes. Doesn't it say here Life Tech Global is the  
20 borrower?

21 A. Yes. What does the top of the document say?

22 Q. Promissory note.

23 A. Promissory note means I promise through Life Tech Global  
24 to pay to PharmaPak \$95,000.

25 Q. No, sir. Isn't what's going on in this document that

1 Life Tech is borrowing \$95,000 from PharmaPak to finance Life  
2 Tech's purchase of the assets?

3 A. When you buy a car, oftentimes the dealership will loan  
4 you the money, quote, unquote. You have to pay, make car  
5 payments. Same concept here.

6 Q. Okay. So the seller, PharmaPak, is lending, loaning  
7 money to the buyer, Life Tech Global, to purchase the assets?

8 A. As opposed to getting a check for \$100,000 up front? Is  
9 that the question?

10 Q. No. I'm just -- as it says right here, -- you made the  
11 car analogy.

12 A. Yes.

13 Q. In the car analogy the seller of the car is giving a  
14 loan to the buyer of the car to purchase the car.

15 A. It could be characterized as that, as a carryback loan.  
16 Yes. So PharmaPak had a seller carryback loan, if you will.

17 Q. Is that what you Harvard guys call a leverage buyout?

18 A. Yes. It was very popular in the '80s.

19 Q. In fact, it's called a management buyout; right?

20 A. I've never been involved in one. But, yes, that is  
21 probably something that companies do.

22 Q. Okay. Sir, when did you actually make your investment  
23 in PharmaPak, Inc.?

24 A. It came in multiple parts. Mid October is my best  
25 recollection when I handed Mr. Edalat the first two checks



1 for \$50,000 each.

2 Q. And you testified yesterday that after you made your  
3 investment, Ms. Karpinski told you the company doesn't have a  
4 license?

5 A. I saw the license.

6 Q. No. I'm --

7 A. I was referring to an e-mail in which she made a claim  
8 after my investment was in.

9 Q. Okay -- just the sequence of events. So October you  
10 invested?

11 A. Yes.

12 Q. And you said within a week of your investment,  
13 Ms. Karpinski told you the company has no license?

14 A. No. I said it was within a week of the final portion of  
15 my investment.

16 Q. Sir, what was PharmaPak's business in your  
17 understanding?

18 A. Well, again, as a shareholder I wasn't managing all of  
19 it, but as it was explained to me, that it was going to be  
20 involved in packaging various components and trying to sell  
21 those to compounding pharmacies.

22 In addition, there was going to be a transdermal  
23 line of patches with various vitamins and medicinal products  
24 derived from the CBD or hemp plant -- or the marijuana or the  
25 hemp plant. It was an internal discussion that we were going

1 to use hemp, some hemp which was non-psychoactive.

2 Q. Well, sir, you didn't invest in this company because of  
3 vitamins; did you?

4 A. That absolutely was a contributing factor. We discussed  
5 it.

6 Q. Sir, wasn't your investment based on the company plan to  
7 sell patches with cannabidiol either from hemp or marijuana,  
8 wherever it came from? Isn't that what you were excited  
9 about?

10 A. That was certainly one of them, sure.

11 Q. Now, you said you made your first investment in October?

12 A. Yes. I did.

13 Q. Now, isn't it -- and then you made a further investment  
14 in January -- in January, you say, or you put more money in  
15 in January?

16 A. The final portion -- the final checks I believe were  
17 written in January, mid-January.

18 Q. Now, isn't it true, sir, that soon after your first  
19 investment in October, Olivia Karpinski sent an e-mail  
20 saying: We need FDA approval for these patches and we don't  
21 have it?

22 A. She may have sent an e-mail to that effect.

23 Q. The sequence of events is in October you invested. Soon  
24 after, Ms. Karpinski sends an e-mail saying: Hey, guys, we  
25 need FDA approval. And then in January you made a further

1 investment of \$50,000?

2 A. She was also the same person who told me we're going to  
3 have no problem selling these patches. My understanding, if  
4 you'll allow me to finish, is that the FDA approval would be  
5 required if we wanted to submit these through doctors'  
6 offices so we could get insurance reimbursements.

7 Q. Why don't we look at her e-mail and see what she exactly  
8 said.

9 A. Okay.

10 MR. KASHANI: I'd like to offer 391.

11 MR. MARKHAM: Okay. Is that stipulated?

12 MR. KASHANI: I'm not sure.

13 THE COURT: I'll tell you in a moment. Okay. 391  
14 does not have a checkmark. Is there any objection to it?  
15 Please take a look.

16 MR. KASHANI: No objection, Your Honor.

17 THE COURT: Thank you. It's admitted, 391.

18 **(Exhibit 391 received.)**

19 THE COURT: I do appreciate all the work counsel  
20 has done to pre-approve these exhibits and the efficiency  
21 that they're being presented.

22 BY MR. KASHANI:

23 Q. Sir, is Exhibit 391 an e-mail -- I'm looking at the  
24 center portion -- an e-mail that Olivia Karpinski originally  
25 sent to Paul Edalat on October 21, 2015?

1 A. It appears to be.

2 Q. And did Mr. Edalat immediately forward that e-mail to a  
3 number of people, including you?

4 A. That would've been copied to me. It looks like it.  
5 Here we go: Dinner was a success.

6 Q. Great job, Olivia?

7 A. Yep.

8 Q. That's Olivia Karpinski?

9 A. That would be my guess, yes.

10 Q. Do you see that Ms. Karpinski says, among other things:  
11 After our discussion regarding CBD -- that's the cannabidiol?

12 A. Yes.

13 Q. And do you see that she says that: I can work with  
14 people to take the product through FDA approval?

15 A. Yes. That's consistent with what we had discussed.

16 Q. Okay. So you knew immediately after investing that FDA  
17 approval was something that you were going to try to get for  
18 these patches?

19 A. Yes. We wanted to get FDA approval, go through clinical  
20 trials, which takes again FDA approval, as in the Sentar PPM,  
21 takes years, lots of money, none of which we had at that  
22 time.

23 And if we wanted to apply for reimbursement -- the  
24 intent was to sell these through doctor offices, and we would  
25 need FDA approval to do that, in which case we could bill the

1 doctors and collect insurance, which would make PharmaPak  
2 very profitable. Part of the projections, yes.

3 So I was aware of that, but that wasn't the only  
4 thing PharmaPak was intending to do, nor was there any  
5 indication that orders were not forthcoming, and we needed to  
6 go through those. My understanding is we had other channels  
7 we could sell through immediately.

8 Q. Sir, where is the e-mail where someone is telling you we  
9 have other channels we can sell through immediately before  
10 you invested?

11 A. As I'm sure you're aware, not everything is done through  
12 e-mail and text messages. There were a lot of personal  
13 conversations.

14 Q. So why is it that everything that's coming from this  
15 side of the room is documented by an e-mail, and everything  
16 coming from you guys is someone told me and someone told me?

17 A. I think the answer is you guys never gave us your  
18 e-mails during the discovery process.

19 Q. Sir, isn't it a fact that my clients produced over 3,000  
20 pages of e-mails two months ago?

21 A. I did not look through those e-mails.

22 Q. So many thousands of pages of e-mails were produced by  
23 my side. But let's talk about that.

24 A. Sure.

25 THE COURT: Hold on. That was a statement of

1 counsel. Statement of counsel are not evidence.

2 Continue.

3 BY MR. KASHANI:

4 Q. Let's talk about that. You thought my clients didn't  
5 have their e-mails; isn't that correct, sir?

6 A. I don't know if they did or didn't.

7 Q. And that's why you came in here saying he said, she  
8 said, because you didn't think my clients had the e-mails to  
9 disprove your contentions?

10 A. Sir, I'm happy to defend everything I did with PharmaPak  
11 and everything I did with Life Tech Global. I don't need to  
12 lie about anything.

13 Q. Well, let's talk about that. Why in the world -- what  
14 incentive did Ms. Karpinski possibly have to lie to you about  
15 FDA licensing?

16 A. I don't think she was lying here.

17 Q. No, sir. You said in your testimony that Ms. Karpinski  
18 told you that the facility has a license -- had a license and  
19 that you relied on that in making your investment.

20 A. Yes. That's true.

21 Q. Now, first of all, just as an aside, isn't it  
22 Mr. Cahill's duty as the CEO to tell you whether the facility  
23 has a license or not?

24 A. If he knew it to be false and he -- if he knew it not to  
25 be a valid license and he disclosed -- and he failed to tell

1 me that, then, yes, that would be a problem.

2 Q. You're saying -- yes or no -- you're saying that  
3 Ms. Karpinski lied to you about the license or status of the  
4 facility?

5 A. I don't think I said Ms. Karpinski lied about the  
6 license. I was told there was a license and we could  
7 produce.

8 Q. Sir, didn't you --

9 A. We're not talking about an FDA license.

10 Q. Are you now saying that Ms. Karpinski did not tell you  
11 about the license one way or another?

12 A. I heard it from Ms. Karpinski. I heard it from  
13 Mr. Edalat.

14 Q. Okay. Ms. Karpinski, was she going to get any kind of  
15 commission from your sale purchase?

16 A. Not that I was aware of.

17 Q. Was she going to get a bump in salary because of your  
18 sale purchase?

19 A. I heard discussions of her getting an increase of  
20 salary. I don't know what that was in relation to.

21 Q. Did it have anything to do with your sale purchase to  
22 your knowledge?

23 A. Not to my knowledge.

24 Q. She was just an employee, right?

25 A. Yes. At the time I believed she was an employee for

1 PharmaPak.

2 Q. Now, let's lock something down here. You've talked  
3 about a relationship between Mr. Edalat and Mr. Karpinski  
4 [sic]. Are you suggesting something, sir?

5 A. I would suggest that the two them worked very closely  
6 together and in my view orchestrated what happened to the  
7 downfall of PharmaPak. That's my view.

8 Q. Perhaps you didn't understand my question. Are you  
9 suggesting, sir, that there was some kind of romantic  
10 relationship between Mr. Edalat and Ms. Karpinski?

11 A. I have no knowledge of whether there is or isn't. My  
12 understanding is Paul's got a girlfriend.

13 Q. Someone else?

14 A. That's my understanding, so I would find it improper if  
15 there was.

16 Q. I'd like to show you Mr. Weimann's resignation letter  
17 that we saw before, Exhibit 89.

18 A. Sure.

19 Q. Sir, did you write this resignation letter for  
20 Mr. Weimann?

21 A. Mr. Weimann is Polish. I was born in this country. My  
22 writing style is quite a bit better than this -- not to put  
23 him down.

24 Q. Sir, I'm not saying that you selected the grammar. I'm  
25 saying: Did you actually tap this out for Mr. Weimann to



1 sign?

2 A. Absolutely not.

3 Q. Sir, I'd like to show you the letter that you sent to  
4 shareholders, Exhibit 49.

5 (Pause in the proceedings)

6 MR. KASHANI: I'm sorry, Your Honor. I --

7 THE WITNESS: I can see it.

8 BY MR. KASHANI:

9 Q. Okay. Do you see, sir, that the font and typeface of  
10 your letter to shareholders is exactly the same as the font  
11 and typeface of Mr. Weimann's letter?

12 A. I don't know that -- that doesn't look like the same  
13 font to me, but -- you know, there's probably a hundred fonts  
14 in every computer. Most computers default to Times Roman.

15 Q. This is not Times Roman, sir.

16 A. I don't know what it is.

17 Q. It's your font.

18 A. I did not write Dr. Weimann's letter. When he comes on,  
19 you can ask him under penalty of perjury whether he wrote his  
20 letter. I saw his letter. I might add that I was aware long  
21 before March 3rd that he was going to resign. Okay?

22 So at some point -- I have no idea where -- he  
23 wrote that resignation letter, and he turned it in to Bruce.  
24 He didn't turn it in to me.

25 Q. Sir, let's talk about that. In the resignation letter

1 didn't Mr. Weimann say: About three months ago, Mr. Edalat  
2 became gradually hostile, and his hostility turned towards  
3 me? Do you see that?

4 A. Yes.

5 Q. Isn't it a fact that a month before this letter, Mr. --  
6 Dr. Weimann was communicating with Mr. Edalat and calling him  
7 "my best friend and brother?"

8 A. They may have had those conversations. Mr. --  
9 Dr. Weimann told me he was having heart palpitations because  
10 of his interactions with Mr. Edalat. He's 75 years old and  
11 not in great health.

12 Q. And that's why you had to write this letter for him?

13 A. He's actually -- he's got a Ph.D. he's quite capable of  
14 writing his own resignation letter.

15 Q. Sir, we've gone through the sequence of events. March  
16 2, 3:00 in the morning, Mr. Cahill decided to fire all the  
17 employees; isn't that correct? And -- withdrawn. March 3,  
18 3:00 in the morning, Mr. Cahill sent out an e-mail that he's  
19 going to fire all the employees; right?

20 A. That's when I saw the date on that e-mail, yes.

21 Q. Okay. So the plan was to fire all the employees. That  
22 plan was in process before Mr. Weimann resigned?

23 MR. MARKHAM: Objection. That's two questions.

24 MR. KASHANI: I'll try to rephrase.

25 THE WITNESS: Sorry. What was the first question?

1 BY MR. KASHANI:

2 Q. Sir, isn't it a fact that the plan was set in motion to  
3 fire the employees and then rehire them at Life Tech?

4 A. On February 19th I sent out an e-mail and said we have a  
5 week to go before we're out of business. The plan was to  
6 collect money from the shareholders and try to keep the  
7 company going. I was fully committed to PharmaPak.

8 Every shareholder knew that I was committed to  
9 PharmaPak, and I was trying to work out the disagreements and  
10 the problems between Mr. Edalat and Mr. Cahill for the  
11 benefit of the company.

12 Three people chose not to the respond and  
13 contribute more money. We had a week left. We had a week  
14 left. Nobody wanted to put money in. The company was dead.  
15 Under California law it was my responsibility, and I wasn't  
16 the director of the company and I wasn't the CEO.

17 But I certainly informed Mr. Cahill under my  
18 knowledge of California law, he had no choice but to lay off  
19 the employees, to terminate them. He had no choice.

20 Q. Sir, I understand --

21 A. So there was no plan.

22 Q. You stated that several times.

23 A. Yes.

24 Q. The fact is that the key employees were rehired at Life  
25 Tech within a few days of being fired at PharmaPak; isn't

1 that true, sir?

2 A. As I told you yesterday, after PharmaPak closed, I had  
3 decided to write off the investment.

4 Q. Sir, I'm just asking you a question. Yes or no, isn't  
5 it true that within a few days of you guys shutting down  
6 PharmaPak, Inc., you rehired the key employees -- Dr. Weimann  
7 and Mr. Aydinol -- at Life Tech, LLC?

8 A. Within a few days?

9 Q. Within a few days, six days, seven days.

10 A. Within a few days I started having conversations after  
11 Dr. Weimann approached me and said: Would you be interested  
12 in starting a new company?

13 Q. Sir, didn't you actually rehire Dr. Weimann and  
14 Mr. Aydinol at Life Tech Global within a few days of their  
15 being fired from PharmaPak?

16 A. Those two individuals were not fired. They chose to  
17 resign.

18 Q. So you say, but I'm just talking about timing.

19 MR. MARKHAM: Objection, Your Honor.

20 THE COURT: Hold on.

21 BY MR. KASHANI:

22 Q. I'm just talking about timing, sir.

23 THE COURT: I'm sorry. When I say hold on, it  
24 means hold on. Understand?

25 MR. KASHANI: Yes, Your Honor.

1 THE COURT: The court reporter has to take things  
2 down. Why would you continue asking questions after I say:  
3 Hold on?

4 MR. KASHANI: It was my mistake, Your Honor, and I  
5 apologize.

6 THE COURT: Well, you've done it a few times. When  
7 there's an objection, we need to stop. The witness has  
8 talked over me. You've talked over me. It gets things into  
9 the record. It makes it impossible for the reporter.

10 I don't say "hold on" softly. I say: Hold on.  
11 And you go on with questions. I don't understand that. You  
12 know, there's rules of evidence.

13 What is your objection?

14 MR. MARKHAM: His gratuitous comment, quote, so you  
15 say, to an answer, which is an attempt to disparage. He's  
16 done it three or four times. I object to it.

17 THE COURT: I have no problem with general attempts  
18 to disparage a witness on cross-examination, but it is not  
19 helpful for the "so you say." Okay?

20 Cross-examination is full and vigorous, and  
21 Mr. Kashani has been doing that. But "so you say" is extra  
22 words in the middle of a conversation and it -- in the middle  
23 of an examination, and it slows the examination down.

24 So the objection is sustained. Thank you.

25 Next question.

1 BY MR. KASHANI:

2 Q. Mr. Cullen, why don't we go on to something else. Can  
3 you look at the PharmaPak bylaws, please, sir.

4 A. If you can put them up.

5 Q. Yes. Exhibit 77.

6 A. Are you going to put it on the screen?

7 Q. Yes. Yes.

8 A. Okay.

9 Q. If you look at the page 2.

10 A. Yes. I see that.

11 Q. Now, do you see, sir, it says that: Notice of meetings  
12 of shareholders shall be sent not less than ten days before  
13 the meeting date?

14 A. Yes. We looked at this yesterday, I recall.

15 Q. And do you see also that it says that special notice has  
16 to be given for -- to approve certain types of actions? Do  
17 you see that, sir?

18 A. I do see that.

19 Q. And one of the transactions in which there has to be  
20 special notice is, quote, a transaction in which a director  
21 has a financial interest within the meaning of Section 310 of  
22 the California Corporations Code. Do you see that, sir?

23 A. I do see that.

24 Q. Now, would you characterize Mr. Cahill's profit-sharing  
25 interest in Life Tech Global as a financial interest in Life

1 Tech Global?

2 A. I have to say you're very good. Would I characterize  
3 it? When the transaction was made, he had no interest  
4 whatsoever in Life Tech Global, and it was many months later  
5 that he and I had discussion about his potential profit  
6 interest. So --

7 Q. I'm trying to take this a step at a time.

8 MR. MARKHAM: Your Honor, objection. "So" was not  
9 an end to the question -- to an answer. May he complete his  
10 answer?

11 THE WITNESS: So if --

12 THE COURT: Hold on. No. I didn't say you may  
13 complete your answer; did I?

14 THE WITNESS: Sorry.

15 THE COURT: All right?

16 THE WITNESS: Yeah.

17 THE COURT: Okay.

18 THE WITNESS: Correct.

19 THE COURT: Just a moment. I'm not a potted plant  
20 here, folks.

21 You may complete that answer.

22 THE WITNESS: So --

23 THE COURT: Let me help by saying what you  
24 previously said. Would I characterize it? When the  
25 transaction was made, he had no interest whatsoever in Life

1 Tech Global. It was many months later that he and I had a  
2 discussion about his potential profit interest. So --

3 THE WITNESS: So had he been a shareholder of Life  
4 Tech Global at the time of the transfer, it absolutely  
5 would've been improper. However, as I explained yesterday,  
6 everything I was doing, I was doing on the advice of our  
7 corporate counsel to avoid this eventuality.

8 THE COURT: All right. Now the question has been  
9 answered. Next question.

10 BY MR. KASHANI:

11 Q. Mr. Cullen, my question was simpler than that.

12 A. Okay.

13 Q. Regardless of what you say is the timing, my question is  
14 simply: Is Mr. Cahill's profit-sharing interest in Life Tech  
15 Global a financial interest in the corporation?

16 A. It may be characterized as that.

17 Q. And your position is that Mr. Cahill had no interest in  
18 Life Tech Global at the time the assets were transferred  
19 over?

20 A. He didn't then and he didn't for quite a while  
21 afterwards.

22 Q. And it had to be that way because if Mr. Cahill did have  
23 an interest in Life Tech Global at the time you transferred  
24 the assets, that would be a serious violation?

25 A. If he did, it would. So I intentionally did not do



1       that.

2       Q.    Isn't it a fact, sir, that Mr. Cahill was founder of  
3       Life Tech Global and he was there from the beginning?

4       A.    As I explained yesterday, I used that word. I'm not a  
5       lawyer. I used the word as a general sense. Mr. Cahill,  
6       Mr. Franco, and Mr. Scott subsequently, many months after I  
7       formed it, agreed to help and contribute money to the company  
8       in the form of loans. So I chose to refer to them as  
9       founders.

10               Is that a technically legal correct word? Perhaps  
11       if you were advising me, I would have chosen a different  
12       word. But to me it was a word that made sense.

13       Q.    Do you recall telling Mr. Brian Quinn that Mr. Cahill  
14       was a founder. He was there from the beginning. He's the  
15       CEO. He's everything at Life Tech Global?

16       A.    I recall a general conversation with a man by the name  
17       of Brian Quinn over the telephone, somebody who I'd never met  
18       before. And I spoke in very vague generalities, which is my  
19       custom. This is what I teach people how to approach  
20       investors, which I do on a regular basis.

21               When you're speaking with investors, you have a  
22       very limited window and you speak in generalities. So, yes,  
23       I probably did use a phrase such as that in a very vague,  
24       general sense.

25               MR. KASHANI: At this point I'd like to start

1 playing a recording of your conversation with Mr. Quinn.  
2 Now, we can do this several ways. The first part of the  
3 conversation is introductions.

4 With my colleague's permission, I'd like to play it  
5 just so you can authenticate that that's your voice.

6 THE WITNESS: Okay.

7 MR. KASHANI: I hope this works.

8 (Audio recording played in open court)

9 BY MR. KASHANI:

10 Q. Is that your voice, sir?

11 A. That's my voice.

12 MR. KASHANI: With counsel's permission, may I  
13 continue?

14 MR. MARKHAM: I think he has authenticated it the  
15 way we agreed we would authenticate it. So, no objection.

16 THE COURT: Thank you for that, counsel.

17 You may continue.

18 (Audio recording played in open court)

19 BY MR. KASHANI:

20 Q. Sir, you --

21 THE COURT: Let me also -- let me just say, I  
22 previously said I'm leaving it up to counsel to create  
23 whatever record they want.

24 And just to remind you -- Ms. Baird, it would not  
25 be your practice to attempt to record that; correct? Okay.

1 She's acknowledging that that's correct. It's up to you to  
2 make your record however you wish.

3 Go ahead.

4 BY MR. KASHANI:

5 Q. Mr. Cullen, you told Mr. Quinn that the company had been  
6 in existence for three years. That's referring to Life Tech?

7 A. I spoke in vague generalities, and I thought that was  
8 the best way to describe it, yes.

9 Q. Now, this conversation took place in 2017; did it not?

10 A. I believe it took place a couple months ago.

11 Q. You showed us yesterday a formation document of Life  
12 Tech Global that Life Tech Global was created in 2016?

13 A. Correct.

14 Q. So Life Tech Global was only in existence as a  
15 corporation for one year?

16 A. Correct.

17 Q. But you told Mr. Quinn that Life Tech has been in  
18 existence for three years; is that right? That's what you  
19 told him?

20 A. I did not say specifically, nor did I know this was  
21 being recorded to be played back in a courtroom. It is my  
22 practice whenever anybody invests in a company is that we go  
23 through in fine detail the whole history of it.

24 In this tape, I do, if you'll play it for the  
25 jury -- I don't know if you will or not -- I do explain that

1       there was a predecessor company and that it was -- that there  
2       was a falling out with the partners. It was restarted as  
3       Life Tech Global. I do make those statements. That's part  
4       of the history of what happened.

5       Q. In fact, sir, isn't the reason that you used the three  
6       years is that you're counting the two years of PharmaPak as  
7       part of the three years of Life Tech Global?

8       A. In a general sense. This -- what we're doing now does  
9       date back to three years ago. And, in fact, yes, PharmaPak  
10      failed, not because I wanted it to. I invested in it with  
11      high hopes.

12               It failed because of actions of your clients. And  
13      to try to recover my money, I formed a new company and I'm  
14      looking for investments. And I don't think there's anything  
15      inconsistent in that tape.

16      Q. Sir, you say -- I asked you this yesterday. I'll ask  
17      you again.

18      A. Sure.

19      Q. Is Mr. Cahill relieved of his fiduciary duties to the  
20      shareholders of PharmaPak because PharmaPak has stopped  
21      operations?

22      A. (No response).

23      Q. I mean -- let me rephrase.

24      A. I don't know if I'm qualified to answer that.

25      Q. Can the director of a company say: Well, the company

1 has stopped operations. The company has failed, so I can do  
2 whatever I want now?

3 A. I believe he may still have some level of fiduciary  
4 duty. I don't know what that would be actually at this  
5 point.

6 Q. I mean, PharmaPak was still a corporation with  
7 shareholders as of March 2016; wasn't it?

8 A. I'm -- to my knowledge I'm still a shareholder of  
9 PharmaPak.

10 Q. Yet you never sold your shares of PharmaPak?

11 A. I would if there was a buyer.

12 Q. Didn't you tell Mr. Quinn that Life Tech Global is just  
13 a reformulation of PharmaPak?

14 A. In a general sense I may have expressed it that way.  
15 That's possible.

16 MR. KASHANI: I'd like to play more from the  
17 recording.

18 (Audio recording played in open court)

19 MR. KASHANI: I'd like to play a further portion of  
20 the tape.

21 (Audio recording played in open court)

22 BY MR. KASHANI:

23 Q. When Mr. Quinn asked were they original founders of the  
24 company, did you answer: Correct?

25 A. He had read the PPM, and I do refer to them in the PPM

1 as founders.

2 Q. I'm just asking about the tape, sir, because it got a  
3 little unclear at that point. I can play it again, but maybe  
4 I can just ask you. When Mr. Quinn asked were those four  
5 gentlemen the original founders of Life Tech, did you answer:  
6 Correct?

7 A. That may have been what I said. That would have been  
8 something I would have said to a potential investor.

9 Q. All right.

10 A. It's consistent with what's in the PPM.

11 Q. Let's turn to the PPM.

12 A. Sure.

13 Q. This is what you call the private placement or private  
14 offering memorandum?

15 A. Correct.

16 Q. Now, you said yesterday that this document is  
17 confidential but it's not secret?

18 A. It is a confidential document, yes. It's not typical  
19 for it to be spread around to people that you're not aware  
20 of.

21 Q. Now, in this case Life Tech Global is actually a  
22 defendant?

23 A. Yes. I believe Paul is -- Mr. Edalat has sued Life Tech  
24 Global, yes.

25 Q. And as part of the litigation process before trial, both

1 sides exchanged documents?

2 A. I believe they do.

3 Q. Did Life Tech Global provide the private offering  
4 memorandum to my office or Mr. Edalat before this trial?

5 MR. MARKHAM: Objection, Your Honor. There was no  
6 document request for it. And when the initial documents were  
7 exchanged, it wasn't in existence. So that's misleading.

8 THE COURT: All right.

9 Mr. Kashani, it's always a challenge to explore  
10 discovery responses in a trial. I think you know what I  
11 mean. Who knows what? Who did what? I think at this point  
12 I have to sustain the objection.

13 BY MR. KASHANI:

14 Q. Let me rephrase, Mr. Cullen.

15 You did not give Mr. Edalat a copy of the private  
16 offering memorandum; did you?

17 A. I only gave it out to about seven individuals.  
18 Mr. Edalat was not one of them.

19 Q. Now, the purpose of the Life Tech Global private  
20 offering memorandum that I have up on the screen, that's to  
21 raise some more money for Life Tech Global?

22 A. That's the intent, yes.

23 Q. Is this a legal document?

24 A. I'm not sure what you mean by the word legal document.  
25 I authored the document and I stand by what's written in it.

1 Q. In fact, let's go to the third page. Doesn't it have  
2 about 20 pages of legal statements about what this document  
3 is and this is kind of a legal document?

4 A. In that respect, yes.

5 Q. And you understand, sir, that in a private offering  
6 memorandum, it's very important to be truthful?

7 A. I do understand that, yes.

8 Q. How much money were you seeking to raise for Life Tech  
9 Global through the private offering memorandum?

10 A. We were hoping to raise \$2 million.

11 Q. And what was an investor going to get in return for that  
12 \$2 million?

13 A. They would be making a loan and they would receive  
14 interest. Along with that, they would have an option for two  
15 years to convert it into equity in the company.

16 Q. Now, are you familiar with -- in connection with stock  
17 offerings, are you familiar with the concept of valuation?

18 A. Very.

19 Q. Okay. In the context of a stock offering, what does  
20 valuation mean?

21 A. What the company -- what the value of the company is.

22 Q. What the company is worth?

23 A. Yes.

24 Q. The assets? Withdrawn. What the company's worth.

25 Now, sir, is it possible to calculate the value of



1 the company based on the terms of the stock offer?

2 A. In some cases, yes.

3 Q. So, for example, if you are selling ten percent of the  
4 company for \$2 million, that means that the company is  
5 worth -- that means ten percent of the company is worth  
6 \$2 million, correct, in your estimation?

7 A. Yes. That would be an appropriate way to do it, yes.

8 Q. And that means the company as a whole is worth  
9 \$20 million?

10 A. That would be correct.

11 Q. And that's what you were doing in the Life Tech private  
12 offering; correct?

13 A. I think you're mischaracterizing -- you are grossly  
14 mischaracterizing this offering.

15 Q. Well, let's look at it. Do you see -- this is from page  
16 18 of the offering. Do you see that, sir?

17 A. I do see that.

18 Q. It says: Upon closing, the company will have three  
19 classes of authorized equity interest, provided however that  
20 class A will be a reserved interest. Do you see that?

21 A. I do see that.

22 Q. Class A is the people buying \$2 million?

23 A. Yes.

24 Q. Do you see that there's a reference to the class A, and  
25 it says: Class A consists of a total of 2,000 class A units

1 based on a capital raise of two million?

2 A. Yes, it does say that.

3 Q. So the two million purchase is class A?

4 A. You're leaving out the words ultimately convert their  
5 interest in the note into an ownership.

6 Q. I understand, sir. I just want to know. The \$2 million  
7 is class A?

8 A. Yes.

9 Q. Okay. And class A starts as a loan to the company;  
10 correct?

11 A. Right.

12 Q. And the class A investors have the right to -- under  
13 certain terms, to convert their two million to ownership of  
14 the company; is that correct?

15 A. That's what's being offered, yes.

16 Q. And the conversion terms are they can convert \$2 million  
17 investment into ten percent of the company?

18 A. That is correct.

19 Q. And doesn't that support a valuation of Life Tech Global  
20 of \$20 million?

21 A. The way this offer is structured is that an investor has  
22 an option. They're making a loan to the company. They're  
23 going to get interest on their loan. And they can watch the  
24 company for a period of two years and make the decision to  
25 either convert the loan into equity in the company based on a

1 \$20 million valuation, or they can keep it as a loan and  
2 retain their interest, and they would get a smaller share of  
3 the profits ongoing.

4 The loan also is secured, so it's very different  
5 from buying equity in a company. Yes, if they were buying  
6 equity in the company, which they are not and this offering  
7 is not. The Sentar PPM by the way was an equity offering  
8 which placed the valuation at 400 million. That was the one  
9 I was looking at when I was making my investment.

10 This is giving somebody a two-year look ahead to  
11 convert their loan into an equity interest in the company.  
12 It's not what the value is today.

13 Q. Sir, who is -- who is Chip Hackley?

14 A. He's a friend of Greg McPherson. Greg McPherson was on  
15 the phone call. I've never met Chip Hackley. Greg McPherson  
16 and I went to the Harvard Business School together. He has  
17 been a friend of mine for many years. Chip Hackley, Hackney  
18 or Hackley, is a friend of his. I have never met him.

19 My understanding is he is involved in raising money  
20 and was trying to find somebody to invest in Life Tech  
21 Global, and that's how Brian Quinn showed up on the radar.  
22 My understanding is he's a friend of Chip's or they know --  
23 somehow they know each other. I've never met either of those  
24 individuals.

25 Q. Sir, on the phone call didn't Mr. Hackley say that the

1 valuation of Life Tech Global is 20 mil, meaning million?

2 A. If he said that, then he was incorrectly stating what is  
3 clearly written in the document being offered to potential  
4 investors.

5 Q. Well, sir, you heard him on the phone call say the  
6 valuation is 20 mil; correct?

7 A. There's another part of the phone call discussing  
8 valuations where I said it is subject to negotiation.

9 Q. I understand. We'll play it all, sir. I'm just asking  
10 you: Did you hear Mr. Chip Hackley say the valuation is  
11 20 mil?

12 A. I may have.

13 Q. And when Mr. Hackley said the valuation is 20 mil on the  
14 phone call, did you correct him?

15 A. I don't recall him specifically saying that. There were  
16 several people on the call and there was conversation going  
17 back and forth. However, Life Tech Global would not take any  
18 money from anybody without going through this -- without  
19 reviewing this private placement memorandum.

20 So if Chip made that statement, it was not an  
21 accurate reflection of the offering. People make mistakes on  
22 phone calls typically.

23 Q. Okay. People make mistakes, but you were on this  
24 particular call; weren't you?

25 A. Sure.

1 Q. And did you correct Mr. Hackley and give all this  
2 legalese you've been giving us, saying that that's not the  
3 actual valuation; we're not worth 20 million?

4 A. I have a lot of calls with a lot of investors. If there  
5 was a lack of clarity after Mr. Quinn reviewed the PPM, I  
6 would have most certainly cleared that up and clarified it.

7 MR. KASHANI: I'm going to play from the recording,  
8 and I'm going to have to do this in two parts, just the way  
9 the equipment is set up. But I'm going to play from the  
10 recording.

11 (Audio recording played in open court)

12 THE WITNESS: I did say that it was subject to  
13 negotiation.

14 MR. KASHANI: We heard the tape.

15 THE WITNESS: Yeah.

16 BY MR. KASHANI:

17 Q. Now, sir, I'd like to go into this --

18 MR. KASHANI: This is another topic here,  
19 Your Honor. I'm not familiar with the break schedule.

20 THE COURT: I think we need to go to at least 9:30  
21 today.

22 MR. KASHANI: No problem.

23 THE COURT: It's two breaks, and I don't like any  
24 break going further than 1 hour 45 minutes. If we break  
25 early -- we need to go to 9:30 at least.

1 MR. KASHANI: That's no problem, Your Honor.

2 THE COURT: Sure.

3 BY MR. KASHANI:

4 Q. Could you turn to page 31. I'm sorry. Could you turn  
5 to page 33 of the Life Tech offering. Can you do that?

6 A. Yes, sir. Uh-huh.

7 Q. Do you see it says: The company's primary product line  
8 consists of various transdermal patches. The company has  
9 developed numerous SKUs for the medical marijuana product.  
10 These include patches that contain CBD, et cetera. These  
11 will be marketed under the brand name Pharma Patch. These  
12 patches include CBD.

13 Do you see that, sir?

14 A. Yes, I do.

15 Q. So you were -- you invested in PharmaPak, and now you're  
16 selling patches called Pharma Patch?

17 A. Would you like me to explain?

18 Q. No, sir. I'm just asking you: Is that what it is?  
19 Your patches are called Pharma Patch; is that correct?

20 A. PharmaPak was a corporation. Pharma Patch is an  
21 intended brand name.

22 Q. I understand, sir.

23 Now, isn't this CBD patch plan what PharmaPak, the  
24 corporation, was doing?

25 A. PharmaPak did intend to do -- to produce transdermal

1 patches, yes.

2 Q. More than intend, sir. Isn't it a fact that  
3 PharmaPak was prepared to start production of the CBD patches  
4 in or about March of 2016?

5 A. I believe that was the intent before, before your  
6 clients did what they did. Yes, that was the intent.

7 Q. Isn't it also before you transferred all the assets to  
8 Life Tech?

9 A. Life Tech did buy the assets, yes. There was no  
10 PharmaPak in existence -- well, technically it was. I don't  
11 think it formally filed bankruptcy or closed its doors.

12 Q. There's a picture here of your patch. Do you see that,  
13 sir?

14 A. I do see that picture.

15 Q. Isn't that identical to the patches that were going to  
16 be produced as PharmaPak?

17 A. I believe that's a stock photo off the Internet, but  
18 they do look like that, yes.

19 Q. My question is: Do the patches at PharmaPak look like  
20 that?

21 A. They look exactly like that.

22 Q. Okay.

23 A. Actually I think the corners are a little more -- aren't  
24 as rounded off.

25 Q. Now, Life Tech Global also has some patent rights; is

1     that correct, sir?

2     A.    My understanding is we have one patent moving forward.

3     Q.    And that patent incorporates the four provisional  
4     patents from PharmaPak; does it not?

5     A.    I would say the explanation Peter gave yesterday is  
6     probably much better than I could do.

7     Q.    Well, why don't we just go to your private placement  
8     memorandum.

9     A.    Sure.

10    Q.    This is page 37 of your private placement memorandum.  
11    Do you see, sir, that in your PPM you say the company  
12    currently holds pending U.S. letters patent application  
13    15/265?

14    A.    I see that, yes.

15    Q.    Now, do you remember Mr. Gluck's explanation that when  
16    you filed the patent application, it incorporates the prior  
17    provisional patents?

18    A.    Again, it was a very technical explanation, but my  
19    understanding is that it can do that, yes.

20    Q.    Well, in the next paragraph of your PPM, you discuss the  
21    patent. Don't you say that this patent incorporates  
22    expressly by reference all required intellectual property  
23    owned by the company that was contained in its four previous  
24    provisional patents? Then it gives some numbers?

25    A.    I see that, yes.



1 Q. Now, these are the four patents on which Mr. Edalat is  
2 listed as inventor or co-inventor; are they not?

3 A. Are you referring to the chart yesterday?

4 Q. Yes, sir.

5 A. Yeah.

6 Q. They are not the patents in which Mr. Ludwig Weimann was  
7 listed as inventor and Mr. Edalat was not listed as inventor?

8 A. Correct.

9 Q. Do you remember Mr. Gluck's discussion that provisional  
10 patents have to be incorporated into a patent application in  
11 order to survive?

12 A. I remember him saying and I remember having a discussion  
13 with him that we were going to allow these patents to lapse  
14 because they required more money. I asked him if they had  
15 any value, and he said no.

16 Q. Sir, that wasn't my question. Do you recall Mr. Gluck's  
17 discussion that the provisional patents are incorporated into  
18 a patent application? Do you recall that process?

19 A. I recall him discussing it, yes.

20 Q. Do you recall this discussion that when that happens,  
21 that means your patent application is using some or all of  
22 the inventions of the provisional patent? Do you recall that  
23 discussion?

24 A. In general terms, yes.

25 Q. And according to your PPM, isn't that exactly what it

1 says, that your patent application incorporates the four  
2 provisional applications that belong to PharmaPak?

3 A. That Life Tech Global purchased from PharmaPak?

4 Q. Yes.

5 A. Yes.

6 Q. Okay. So these provisional patents that you say have no  
7 value and expired according to your PPM were incorporated  
8 into Life Tech's patent application; isn't that correct, sir?  
9 Isn't that what the PPM says?

10 A. That's what the PPM says, yes.

11 Q. Now, in addition to patent rights, does Life Tech Global  
12 have either a design or on order certain machines to make  
13 these patches?

14 A. Yes, it does.

15 Q. These are the machines that were on order from Turkey?

16 A. These -- rephrase that question, please.

17 Q. Yesterday we had -- we heard a discussion of different  
18 machines?

19 A. Yes.

20 Q. And you mentioned a machine from New Hampshire that you  
21 said didn't work?

22 A. I did, yes.

23 Q. But you also mentioned there were some machines on order  
24 from Turkey. Do you recall that, that Mr. Aydinol's family  
25 is making?

1 A. Yes, I do recall that.

2 Q. And those Turkish machines do work?

3 A. We've not put them to full production task, but it's  
4 certainly our hope and expectation that they will work.  
5 We've had limited tests, yes.

6 Q. Well, Mr. Aydinol wouldn't send you a machine that  
7 doesn't work; would he?

8 A. I'm confident that if it doesn't work, he'll be able to  
9 fix it.

10 Q. My point is, sir, that you have confidence in  
11 Mr. Aydinol and his family?

12 A. I do.

13 Q. They do a good job?

14 A. They do.

15 Q. Isn't it a fact, sir, that those Turkish machines were  
16 ordered by PharmaPak?

17 A. The ones we have now were not ordered by PharmaPak.

18 Q. Isn't it a fact, sir, that PharmaPak ordered machines  
19 from Mr. Aydinol's family that were designed by Mr. Aydinol?

20 A. That's perhaps a better question for Mr. Cahill because  
21 I was not running that company. So what I can tell you is  
22 Life Tech Global borrowed money from a number of investors  
23 and has purchased several machines independently of  
24 PharmaPak.

25 Q. I'm going to read from your deposition, page 75, line

1 15, through 76, line 1.

2 A. Okay.

3 MR. KASHANI: Actually, I'll start reading at -- in  
4 fact, I'll put it on the screen.

5 THE COURT: Since you're working on that, it is  
6 9:30. So why don't we take our break and come back at 9:45.

7 Thank you.

8 You may step down.

9 (Open court - jury not present)

10 THE COURT: Yes, sir?

11 MR. MARKHAM: I have one evidentiary question. We  
12 have 17 exhibits which are not stipulated to. They are  
13 certified copies of tax lien notices, state and federal, and  
14 certain judgments filed against SciLabs Pharmaceutical during  
15 the period of 2013 and 2014, just as Mr. Edalat was saying he  
16 was wealthy and all the rest of it. We believe that those  
17 are relevant as omissions --

18 THE COURT: I'm sorry. Relevant as?

19 MR. MARKHAM: Omissions. That he should have  
20 disclosed to the people he was asking for money to sell his  
21 shares of stock, claiming that he was a high roller, very  
22 successful. He had very successful companies. He had a  
23 30-year successful business in the nutraceutical industry.

24 THE COURT: I understand. Let's see where we are.

25 MR. KASHANI: Your Honor, we don't object to the

1 authentication, but we have a relevance and 403 objection to  
2 these. It just seems to me to be far afield to talking  
3 about -- now we're talking about a third company. We had  
4 Sentar. Now we're on SciLabs. We're talking about a third  
5 company with publicly recorded tax liens and judgments.

6 It's just we can't -- we don't have time for a mini  
7 trial over these judgments and how they came about. I think  
8 that there's a 403 and relevance problem. Authentication, as  
9 I told my colleague, that's not the issue. In fact, I was  
10 happy to stipulate to the uncertified in terms of  
11 authentication.

12 It's just relevance. I mean, we've been hearing a  
13 lot about Sentar that nobody here invested in. Now we're  
14 going to hear about SciLabs that nobody invested in.

15 MR. MARKHAM: May I be heard?

16 THE COURT: No. You used the magic words, mini  
17 trial. You know, I told you 403's have limited power, but  
18 here it has power because his introduction requires you to  
19 waste your time -- not waste your time. Expend your time in  
20 potential mini trials, explaining each of these.

21 So that's a good argument. Mini trial is a  
22 powerful argument. Still, I think the relevance is such that  
23 it overcomes a 403, although I'm listening carefully to the  
24 403 in the context of it imposing a time burden on you.

25 So the reason I didn't allow you to continue is I'm

1 going to overrule the objection. Okay?

2 MR. MARKHAM: I will say nothing more.

3 MR. KASHANI: Your Honor, one -- we have a witness  
4 waiting. Per agreement, he will take the stand because he's  
5 been waiting. He's going to leave --

6 THE COURT: Before the redirect?

7 MR. KASHANI: Yes. Well, I'm not finished with my  
8 cross, but he's been waiting.

9 THE COURT: All right -- before the conclusion of  
10 the present witness?

11 MR. MARKHAM: That's okay.

12 THE COURT: Thank you. Thank you for all your  
13 accommodations. Now we're going to come back at 10 minutes  
14 to 10:00.

15 MR. KASHANI: Thank you.

16 (Recess from 9:34 a.m. to 9:52 a.m.)

17 MR. MARKHAM: Your Honor, very quickly before the  
18 jury comes. You asked us to do a comparison chart on the  
19 jury instructions dispute.

20 THE COURT: Yes.

21 MR. MARKHAM: We haven't done that because we  
22 anticipate we're not sure if it makes a difference. We'll  
23 tell you today a significant number of the jury instructions  
24 may be falling away.

25 THE COURT: All right.

1 MR. MARKHAM: For that reason I just wanted to tell  
2 you --

3 THE COURT: I appreciate that. That's actually  
4 very helpful. When will that decision be made?

5 MR. MARKHAM: First thing Monday morning, or  
6 perhaps over the weekend. If you want it made sooner, we  
7 will. I just wanted to find out what your timing --

8 THE COURT: No. See, it's just -- besides this  
9 case I have other things, so I need to make sure I have  
10 sufficient time set aside to resolve what you folks can't  
11 resolve on jury instructions.

12 A good time to do that is over the weekend, and I  
13 was hoping you would get me the material so over the weekend  
14 I could roll up my sleeves and get everything done. By the  
15 way, it's very hot in this courthouse, and the government  
16 doesn't pay for air-conditioning. So if you get it resolved,  
17 that would be good.

18 MR. MARKHAM: Meaning not just a bunch of the  
19 disputes, but a significant --

20 THE COURT: I understand. Right now I'm just  
21 focusing on making sure I have time to resolve the dispute,  
22 because what I don't like happening is you finish the  
23 evidence and the jury has to come back two days later while  
24 we work out the instructions.

25 The moment the evidence is finished, I want to have

1 the instructions in hand and I don't want to have you -- I've  
2 done this a few times. I don't want to have you working at  
3 midnight before you give the closing argument while you slap  
4 together everything we've decided about the instructions.  
5 I'm just trying to think ahead. So --

6 MR. KASHANI: If I may --

7 THE COURT: -- I think what we're going to have to  
8 do is have -- and it's just a simple document I need from  
9 you. So what I'm going to need you to do is please e-mail me  
10 as soon as you can over the weekend what's going on so I'll  
11 know when to allot time. Okay?

12 MR. MARKHAM: I think you'll have to allot less,  
13 but that's why --

14 THE COURT: So I'm going to give you both my card.  
15 E-mail me over the weekend what the position is on jury  
16 instructions. Then keep in mind, you know, Monday I'm  
17 going -- I'm not -- I love my job, but Monday I'm going to  
18 be -- it's usually 8:00 to 5:00 o'clock on law and motion  
19 matters. Then Tuesday I have you. I just need to set aside  
20 time.

21 All right. So I'll give you my card. You e-mail  
22 me when you have it.

23 Let's bring in the jury.

24 THE CLERK: All rise.

25 (Open court - jury present)



1 THE COURT: Welcome back. When this trial comes to  
2 an end, I'm going to have to give you jury instructions. We  
3 were just talking about how we can put those jury  
4 instructions together.

5 And with that, Mr. Kashani.

6 MR. KASHANI: The defense with the permission of my  
7 colleague calls witness Amir Asvadi out of order.

8 THE COURT: All right.

9 So this is another one of those out-of-order  
10 situations. We're not done with Mr. Cullen. But to  
11 accommodate someone -- I'm not even sure who -- we're going  
12 to call the witness right now.

13 **Amir Asvadi, Defendant's witness, sworn**

14 THE CLERK: Please state and spell your first and  
15 last name for the record.

16 THE WITNESS: Okay. My first name is Amir,  
17 A-m-i-r. My last name is Asvadi, A-s-v-a-d-i.

18 THE CLERK: Thank you.

19 THE COURT: Proceed.

20 **DIRECT EXAMINATION**

21 BY MR. KASHANI:

22 Q. Mr. Asvadi, thank you for coming.

23 A. Sure.

24 Q. First, I apologize. Do you mind if I sit while  
25 examining? Sometimes there are documents, and I need to use

1 the computer.

2 A. No problem.

3 Q. Thank you, sir.

4 Could you just tell us briefly what your college  
5 education is.

6 A. Yes. I'm an engineer. I graduated in electrical  
7 engineering degree from San Diego State back in 1982.

8 Q. Have you had experience with startup companies?

9 A. Yes. I had two startup company myself, both in  
10 electrical engineering field.

11 Q. How did your startups go for you?

12 A. Good. I sold the first one or got acquired by a public  
13 company called International Rectifier back in the year 2000,  
14 and then I started another startup in about, I think, four or  
15 five years after that. Also that one was acquired by another  
16 company in 2009 called Microsemi, M-i-c-r-o-s-e-m-i.

17 Q. Did you do well financially out of your two startups?

18 A. Yes. I mean, if I make more than what I used to make as  
19 a salary, I call it success. Let's put it this way.

20 Q. Sir, do you understand that when you invest in a startup  
21 company, there's a degree of risk?

22 A. Definitely. Yes.

23 Q. Is it your understanding that people who make those  
24 investments need to accept those risks?

25 A. Yes, I do.

1 Q. And when you invest -- in addition to starting two  
2 companies and selling them successfully, have you invested in  
3 startup companies?

4 A. Before -- I mean, I do have investment these days on a  
5 startup company. But prior to that, I mean, I was -- I  
6 invested in a Denny's chain, if you call that, but that was  
7 like any I also did with my partner where we had started the  
8 first company. We invested on buying Denny's Restaurant as  
9 well as some real estate. I don't know if you call that  
10 startup or not.

11 Q. And is it your understanding when people make these  
12 investments, they have to be prepared to accept the risk of  
13 loss?

14 A. Yes, I do.

15 Q. Do you know Mr. Paul Edalat?

16 A. I met Mr. Paul Edalat back in, I want to say, August or  
17 July 2015.

18 Q. Do you know Mr. Bruce Cahill?

19 A. Yes. I met Mr. Bruce Cahill maybe a week or two weeks  
20 after I met Mr. Paul Edalat.

21 Q. So you have known Mr. Edalat and Mr. Cahill for about  
22 the same amount of time?

23 A. Minus one or two weeks. I'm an engineer. I've got to  
24 be exact. Minus one or two weeks apart, yes.

25 Q. Let's say before this current dispute, did you consider

1 Mr. Cahill to be a friend?

2 A. You know, I don't call anybody friend, per se. I call  
3 it business associates. I mean, I -- that's why I look at  
4 Mr. Paul Edalat the way I look at Mr. Bruce and other  
5 investors as business associates.

6 Q. Let's put it this way: In your mind did you consider  
7 Mr. Edalat and Mr. Bruce Cahill in the same category?

8 A. Yes, I do.

9 Q. Now, is anyone in this room suing you for anything?

10 A. No.

11 Q. Are you suing anyone in this room for anything?

12 A. No. In the past 35 years of my professional life, I've  
13 not sued one person in my life, no. Nothing against lawyer  
14 or the Court, but I -- I'm a peaceful man.

15 Q. Mr. Asvadi, do you have any financial interest of any  
16 kind in the outcome of this litigation?

17 A. Zero.

18 Q. Are you going to get anything if Mr. Edalat wins?

19 A. Zero. I mean, I hope he -- I would be -- I'm  
20 (indiscernible).

21 THE COURT: Stop. Stop. No offense, sir. I don't  
22 think we understood what that last comment was.

23 THE WITNESS: No. No, I don't. I don't get  
24 involved.

25 THE COURT: Hold on. The question was: Are you

1 going to get anything if Mr. Edalat wins? And the answer we  
2 have is: I mean, I hope he -- I would be -- I'm. Then I  
3 wasn't able to --

4 THE WITNESS: The answer is no.

5 THE COURT: Hold on. We have to talk one at a  
6 time. Then I didn't hear what you said after that. There  
7 was some laughter and you said stuff and I didn't hear it, so  
8 it's not in the record.

9 I guess the answer is no. Let's go to the next  
10 question.

11 BY MR. KASHANI:

12 Q. Let me ask again for the record, Mr. Asvadi -- and I  
13 apologize if I contributed to making the record unclear.

14 Mr. Asvadi, are you going to get anything if  
15 Mr. Edalat wins this lawsuit?

16 A. No.

17 Q. Are you going to get anything if Mr. Cahill and his  
18 associates win?

19 A. No.

20 Q. So you're neutral here?

21 A. Yes.

22 Q. Are you familiar with a company called Sentar  
23 Pharmaceutical?

24 A. Yes, I am.

25 Q. Are you familiar with a company called PharmaPak, Inc.?

1 A. Yes, I am.

2 Q. Did you or your trust invest in Sentar Pharmaceutical?

3 A. Yes.

4 Q. How much money?

5 A. \$500,000.

6 Q. Did you or your trust invest in PharmaPak, Inc.?

7 A. Yes.

8 Q. How much?

9 A. \$500,000.

10 Q. Did you understand those two companies to be separate?

11 A. Yes, I do.

12 Q. Did you understand your investment in Sentar to be  
13 separate from your investment in PharmaPak, Inc.?

14 A. Yes, I do.

15 Q. Did anyone suggest to you that by investing in Sentar,  
16 you were going to get something out of PharmaPak, Inc.?

17 A. No.

18 Q. Did anyone suggest to you that by investing in  
19 PharmaPak, Inc., you were going to get something out of  
20 Sentar?

21 A. No.

22 Q. As you sit here today, are you satisfied with your  
23 investment in Sentar Pharmaceutical?

24 A. Yes, based on the progress they're doing. Yes, I am.

25 Q. After you invested in PharmaPak, Inc., did you from time

1 to time look in on the activities of the company?

2 A. Yes, I did.

3 Q. How did you do that and how often?

4 A. I -- since at that time I was retired, per se, I offered  
5 my help both to Paul and Bruce that I can spend over  
6 80 percent of my time with PharmaPak if needed and give any  
7 advice if necessary, which I did.

8 I mean, for the beginning -- after my investment I  
9 spent at least two, three days at the office in Irvine. Sky  
10 Park I think was the address.

11 Q. This is the office of PharmaPak?

12 A. Yes.

13 Q. Did you used to take something for the employees?

14 A. Every Friday with no exception I used to take doughnuts.  
15 Go to the Gillette factory, not the one in Sky Park. That's  
16 always my habit as manager. Go and have communication with  
17 the people, understand what they do, if we can be any help.  
18 So I offer my help as an acting investor, per se.

19 Q. And did you used to take doughnuts for the workers?

20 A. Every Friday at 8:00.

21 Q. Did you have occasion to observe the employees and what  
22 they were doing?

23 A. Yes. I spent time with Mr. Ludwig quite a lot since I'm  
24 an engineer and he's a scientist. I spent time with him  
25 trying to understand what he's doing, talk about his

1 progress, the product he's making, as well as I spent time  
2 with Olivia to understand the market side, because that's a  
3 brand-new area for me.

4 As an engineer I try to understand, so I spent time  
5 with Olivia to see how the market is doing. The state is  
6 legalizing, per se, the CBD. That was one area I was  
7 interested as well. So, yes, I did. I spent time with both  
8 of them, as well as I spent time with Bruce and Paul when I  
9 was in Irvine office.

10 Q. Did you have occasion to observe Ms. Olivia Karpinski  
11 working?

12 A. Yes.

13 Q. What was your impression of her work ethic and work?

14 A. I mean, she -- every time I meet her, she was either on  
15 the phone or was on a conference call talking to either  
16 customer or supplier. She come across as a very impressive  
17 employee.

18 Q. When you invested in PharmaPak, did you have any  
19 understanding as to whether the officers or management would  
20 be taking a salary?

21 A. No. I specifically asked Paul is anybody besides the  
22 employees, the management, and the answer was no.

23 Q. Did there come a time when you found some information  
24 that suggested otherwise?

25 A. Yes. If I recall, we did have a meeting with Bruce and



1 Greg, Paul, and myself back maybe in December 2015 talking  
2 about the PharmaPak. And later on he send me an Excel sheet.  
3 Either I got it through him directly or Paul or Bruce. And  
4 when I reviewed the forecast, I noticed there's a section  
5 saying the expenses, and one of them was salary and there was  
6 a line. It says management, 240K.

7 So after that I talked, I believe, either Greg or  
8 Bruce again -- or sorry, Greg or Paul again, and I make sure  
9 that if this is the present expenses or it's going to be for  
10 future. Both of them told me nobody would draw any salary  
11 from PharmaPak.

12 Q. Did you later discover that Mr. Cahill had been taking a  
13 salary?

14 A. Yes, and I told Paul. Paul says you can go and ask the  
15 accountant, Leslie Wood, and I did. I did go and ask him:  
16 Does anybody withdraw salary? Not the employee. He says  
17 this is the list of the payroll, and the first line was Bruce  
18 Cahill. I think about 240K a year.

19 Q. Why were you concerned about management taking salaries?

20 A. I -- because when I invested the money like in my own  
21 startup, I didn't withdraw any salary until the company start  
22 making money. So -- and when I started at PharmaPak, I was  
23 given the -- this from Paul, Bruce, that, yes, indeed -- I  
24 guess maybe Paul. I don't recall Bruce told me, that, yes,  
25 indeed nobody is going to withdraw any salary until the

1 company start generating revenue.

2 Q. Do you recall that there were discussions in  
3 shareholders meetings about PharmaPak in the early part of  
4 2016

5 A. Yeah.

6 Q. Or spring 2016?

7 A. Yes.

8 Q. Do you recall a meeting between you and Mr. Edalat and  
9 Shane Scott, and there might have been someone named Freeman  
10 there?

11 A. You know, I was asked that during my deposition, and I  
12 do not recall that meeting specifically among four of us.

13 Q. Have you ever observed Mr. Edalat to do anything that  
14 you considered erratic or irresponsible?

15 A. No.

16 Q. I'll ask the same question about Mr. Cahill. Have you  
17 ever observed Mr. Cahill to do anything you consider erratic  
18 or irresponsible?

19 A. I mean, this is a very tough question because I remember  
20 during one of our meeting, I specifically asked him about the  
21 salary as well as renewing the license for PharmaPak. He was  
22 not, how do I say, very forthcoming to answer that question.  
23 So I don't know if you call that behavior, whatever you want  
24 to call.

25 Q. That was Mr. Cahill?

1 A. Yes. Yes. Along with all the other investors, I  
2 specifically asked him that question.

3 Q. Did you at some point become aware that the operations,  
4 let's say, of PharmaPak had been transferred to another  
5 company in Oceanside, Life Tech Global?

6 A. Later on I took -- I mean, when I understood that the  
7 company shut down, I understood the company has been  
8 transferred to another company in Oceanside called whatever  
9 you call, Life Tech Global. Yes.

10 Q. Were you offered a share in Life Tech Global?

11 A. No. Nobody contact me.

12 Q. Was it ever disclosed to you that Mr. Cahill might have  
13 an interest in Life Tech Global at the time the company was  
14 transferred over?

15 A. No.

16 Q. Would you -- in light of your experience, would you  
17 consider that to be a conflict of interest?

18 A. I mean, definitely the answer is yes, I think, because  
19 later on my understanding was this new company is pretty much  
20 duplicating the business model of PharmaPak, as well I  
21 understood Mr. Ludwig, who is the chief scientist, also is  
22 working for that. So to me definitely, besides ethical, I  
23 don't think it's legal you do that.

24 Q. Mr. Asvadi, in your experience, normally when a company  
25 fails and there's a loss --

1 A. Yes.

2 Q. -- the investors get a tax document they can use to  
3 declare that loss in their taxes?

4 A. Yes.

5 Q. So the normal case if it's a real failure of the  
6 company, you get this tax document in your experience?

7 A. Yes, I do.

8 Q. Were you ever given a tax -- withdrawn.

9 Who in your understanding handled the taxes for  
10 PharmaPak?

11 A. Let me just answer this question by saying I asked Bruce  
12 several, several times that for my 2015 taxes, I would like  
13 to get something called K-1. I don't know if that's the term  
14 the IRS uses, which can claim my losses. He responded to me  
15 that he -- there are several criminal investigation going and  
16 he cannot talk to me.

17 So I went to Greg and asked him for that as well,  
18 and he said he's going to talk to Leslie Wood to get that for  
19 me. And I never ever got it even though I sent several text  
20 messages to Greg and Bruce as well as calling Bruce. I never  
21 managed to get any form of paperwork showing my losses.

22 Q. Now, sir, in your understanding and experience, if there  
23 has been a loss to the investors in PharmaPak, Inc., they  
24 should get a tax document showing the loss; is that correct?

25 A. Yes, that is correct.

1 Q. On the other hand, if the company is still in operation  
2 under a different name, maybe there is no tax document?

3 A. I don't -- I mean, I'm not a tax person, per se, but my  
4 understanding is PharmaPak is shut down and my investment is  
5 hundred percent gone. So I want to claim that.

6 Q. But they never gave you a tax document to show that  
7 loss?

8 A. No. No. No, they did not.

9 MR. KASHANI: Okay. Thank you, sir. Appreciate  
10 your coming.

11 THE WITNESS: Thank you.

12 **CROSS-EXAMINATION**

13 BY MS. ZERNER:

14 Q. Good morning, Mr. Asvadi.

15 A. Good morning.

16 Q. Mr. Asvadi, you were just talking about how you were  
17 looking for a K-1 because you understand you had completely  
18 lost your investment as of the time that PharmaPak shut down  
19 in early March of 2016; correct?

20 A. Yes, that is correct -- K-1 or any form of document to  
21 show my losses so I can claim on my tax return.

22 Q. Because you had a 100 percent loss of that investment at  
23 that time?

24 A. Yes.

25 Q. You mentioned earlier that generally when one is making

1 an investment, that you -- you accept a risk of loss;  
2 correct?

3 A. That is correct.

4 Q. But do you have to accept it when someone lies to you  
5 about the investment before you make it?

6 A. I mean, that's a general question. I mean, lies in what  
7 manner? I mean, the lies about the investment?

8 Q. Yes. If someone lies to you to induce you to make that  
9 investment, do you just have to accept that kind of loss?

10 A. I mean, be specific, please. I mean, I just don't know.  
11 Your question is too general. I mean, who lied to me?

12 Q. I wasn't -- you were asking. I was just following up on  
13 a general question to you by Mr. Kashani about one generally  
14 accepts a risk of loss; correct?

15 A. Yes.

16 Q. And I was following up to see if -- generally if one  
17 just has to accept a loss when the investment is  
18 misrepresented to them before they invest?

19 A. Yeah. I mean, that's the obvious question. I mean,  
20 something is misrepresented to me.

21 Q. Then you wouldn't accept that as just a risk of  
22 investing?

23 A. Depends on what information was misrepresented to me. I  
24 mean, if I was their age, I take my losses.

25 Q. Right. So there are misrepresentations that you

1 wouldn't just accept as a general risk of investing?

2 A. Yes. That's why I asked you please be specific what it  
3 is so I can answer you correctly.

4 Q. Okay. You also said that you made an investment in  
5 PharmaPak; correct?

6 A. Yes.

7 Q. And when you made that investment, you actually -- your  
8 investment didn't go directly into PharmaPak, but rather you  
9 paid Mr. Edalat the money to buy his shares; correct?

10 A. That is correct.

11 Q. And you made the wire directly to one of Mr. Edalat's  
12 accounts?

13 A. That is correct.

14 Q. And thereafter you made an investment in EFT Global  
15 Holdings doing business as Sentar Pharmaceuticals?

16 A. That is correct, yes.

17 Q. And that's another of Mr. Edalat's companies?

18 A. Yes.

19 Q. And Mr. Cahill wasn't -- didn't discuss that investment  
20 with you; correct?

21 A. Not at all.

22 Q. And you thereafter also promoted Sentar products in  
23 Iran?

24 A. That is correct.

25 Q. And it was your understanding -- I know you mentioned at

1 PharmaPak you observed Ms. Karpinski on the phone. You  
2 believe she was making calls to make sales; correct?

3 A. Yes, because I mention in my deposition I didn't want to  
4 be nosy, but I stand by her door to get a hold of her and I  
5 did hear. She talk about patches at that time. She was  
6 talking about the product with the supplier and so forth.

7 So my assumption is, yes, she was working at  
8 PharmaPak regarding the PharmaPak product line.

9 Q. So she was -- to your understanding she was working on  
10 sales for PharmaPak?

11 A. Yes, I do.

12 Q. She was not working on sales for Sentar?

13 A. No, she was not.

14 Q. It was your understanding she had no involvement in  
15 Sentar?

16 A. Yes.

17 Q. And as to -- after Sentar, Mr. Edalat has given you  
18 shares in another company as well; correct?

19 A. That is correct.

20 Q. What's the name of that company?

21 A. Alternate Health.

22 Q. And how many shares did he give you in that company?

23 A. 300,000 shares.

24 Q. And that's another company, HC, that has nothing to do  
25 with Mr. Cahill or PharmaPak; correct?



1 A. No.

2 Q. Did he just give you the shares, or did you pay him  
3 money for those shares?

4 A. No. As part of the agreement was I sit down and review  
5 his licensing and consulting agreement with Alternate Health.  
6 And based on my negotiation with the management of Alternate  
7 Health, I basically be able to compensate the amount of the  
8 share that I got regarding his benefit, outside benefit on  
9 that contract.

10 Q. Okay. And when did this happen?

11 A. I want to say probably late 2016 or early 2017.

12 Q. So certainly after PharmaPak had shut down?

13 A. Yes. My understanding is PharmaPak shut down  
14 March 2016 -- at least six, seven months after that, if not  
15 longer.

16 Q. And back to PharmaPak, you mentioned with regard to  
17 salaries that it was Mr. Edalat who told you no one was  
18 supposed to be taking salaries?

19 A. After I received the Excel sheet from Greg, if I recall,  
20 I'm -- I'm not sure if hundred percent, but either Paul or  
21 Greg told me nobody is withdrawing salary, or both. Both  
22 Paul and Greg told me that.

23 Q. Okay. Mr. Edalat had told you that, is what I  
24 understood from your previous testimony.

25 A. Yes, yes, as well as Greg.

1 Q. So you had conversations with Mr. Cullen?

2 A. Yes.

3 Q. And during this period of time; right?

4 A. What period?

5 Q. During the PharmaPak period of time.

6 A. Yes. Yes.

7 Q. Into March of 2016?

8 A. Yes.

9 Q. And did you have conversations with Mr. Cullen face to  
10 face?

11 A. After March?

12 Q. In the period of time you were involved with PharmaPak?

13 A. Yes. Yes. Several meetings.

14 Q. And did you have conversations ever with Mr. Cullen over  
15 the phone?

16 A. Several phone calls.

17 Q. And what about Mr. Ron Franco? Did you ever talk with  
18 him?

19 A. Yes, I did.

20 Q. And Mr. Shane Scott, did you --

21 A. Yes.

22 Q. You spoke with him over the phone?

23 A. Over the phone and face to face.

24 Q. You developed a good relationship with Mr. Scott; right?

25 A. I assume I develop good relationship with every single

1 investor.

2 Q. You had a friendly relationship with all of them?

3 A. All of them. That was my assumption, my perception.

4 Q. Okay.

5 And do you recall then in early March of 2016  
6 receiving an e-mail from Mr. Cahill regarding a consent  
7 agreement to sell the assets of the company?

8 A. I was shown that during my deposition, and I clearly  
9 said I did not recall seeing the e-mail and I explained to  
10 you why. And you can ask every single investor sitting  
11 there. I spent days and hours on the phone with every single  
12 of those gentlemen except Bruce to try to fix the problem at  
13 PharmaPak, which I call a management problem. So my focus  
14 was hundred percent on fixing the PharmaPak management  
15 problem.

16 Q. And you have no memory as you sit here today, then, of  
17 receiving that unanimous consent agreement --

18 A. No, I do not.

19 Q. Sir, if you could let me finish my question before you  
20 answer.

21 A. Please.

22 Q. Thank you. The unanimous consent agreement that was  
23 e-mailed by Mr. Cahill, are you saying that you did not  
24 receive it in March of 2016 when it was sent?

25 A. I did not say I did not receive it. I said if I had

1 received it, I did not recall seeing the document.

2 Q. And --

3 A. I for sure may have received it. I'm not claiming I did  
4 not.

5 Q. And do you recall, then, if you received it, so do you  
6 have a memory of reading through that document?

7 A. No.

8 Q. And you didn't discuss that document with anyone?

9 A. No. All -- can I explain? All my discussion for almost  
10 a month, day and night, hours and hours -- which, my wife was  
11 criticizing me -- was with every single investors how to fix  
12 the PharmaPak management problem.

13 The last thing on my mind was to let my investment  
14 go, and I was spending tons of hours on the phone, meetings  
15 face to face with every single investor -- Mr. Cullen, Shane,  
16 John, and everybody else.

17 Q. Well, there came a point where you had to let your  
18 investment go or you came to the conclusion that there was  
19 nothing to save; correct?

20 A. Yes.

21 Q. Do you recall when that was?

22 A. Yes. When I keep calling Bruce and say, Bruce, what's  
23 going on? He said: Sorry. There are three criminal  
24 investigation going and the company is shut down. And good  
25 luck on your other investment.

1           That was my last conversation with Bruce on the  
2     phone.

3     Q.    And you just mentioned da criminal investigation.  
4     You're referring to when Mr. Edalat called the police to come  
5     and --

6     A.    No. No. He never explained to me what it is. He sent  
7     me a text and he said: There are criminal investigation  
8     going. Good luck with your other investment.

9     Q.    In early March around the time that this consent  
10    agreement was sent around, you knew that there had been a  
11    police investigation into drugs at the facility because  
12    Mr. Edalat called the police; correct?

13    A.    Yes, I do.

14    Q.    Okay. And at that time you had also received another  
15    e-mail from Mr. Cahill indicating that all the employees  
16    needed to be terminated from PharmaPak; did you not?

17    A.    No. As I mentioned earlier, they show it to me, the  
18    deposition. I do not recall seeing that e-mail, but I don't  
19    say I did not receive it.

20    Q.    So again, did you review either of those e-mails by  
21    Mr. Cahill, either the one for terminating employees or the  
22    one for selling the assets?

23    A.    No.

24    Q.    Okay. And did you -- at that same time that those  
25    e-mails were going around, did you understand that the rent

1       couldn't be paid by PharmaPak for its facilities?

2       A.     No.    I -- no.

3       Q.     You didn't have an understanding of that?

4       A.     No.

5       Q.     And did you have an understanding that certain employees  
6       weren't getting their insurance paid?

7       A.     I understood during one of our investors' meeting that  
8       we had with everybody at Pelican Hills Restaurant that  
9       insurance was not being paid.

10      Q.     So you're aware of that one?

11      A.     That was brought up by somebody during that  
12      conversation, that meeting we had at Pelican Crest -- Pelican  
13      Hills.  I'm sorry.  Pelican Hills.

14      Q.     But as of early March, you weren't aware that the rent  
15      wasn't being paid?

16      A.     No, I was not aware.

17      Q.     As of early March when these e-mails were going around  
18      about terminating employees and transferring or selling the  
19      assets of PharmaPak, did you understand that the company had  
20      no money?

21      A.     I understood the company was in the process of raising  
22      money, and I talked to Greg specifically that I will  
23      participate if we fix the management, because management was  
24      a big issue inside the company.  It was a firework going on,  
25      and I specifically told him.

1 I remember I was at lunch. He called me and he  
2 said: Amir, we would like to raise money. I said: By all  
3 means I participate if the management gets fixed.

4 Q. Okay. I'm going to ask you again to answer my  
5 questions.

6 A. Please.

7 Q. Did you have an understanding at that time in early  
8 March of 2016 that the company did not have money?

9 A. I do not know if it was early March. That date I do not  
10 recall.

11 Q. So as of early March did you believe the company was  
12 dead?

13 A. I knew the management is bad, not the company is dead.

14 Q. So you -- you didn't say or believe that you thought the  
15 company was dead as of that time?

16 A. Not at all. Can I explain to you why?

17 Q. Sure.

18 A. Because there was a \$750,000 invested by another  
19 investor called on toward the end of the year or early 2016.  
20 So I had no idea in my mind small company like PharmaPak has  
21 a problem with the money after he invested \$750,000.

22 Q. So you never said the company was dead?

23 A. I never ever said the company was dead. In early March?  
24 No. No.

25 Q. As of that time in early March when again Mr. Cahill was

1 sending these e-mails around about terminating the employees  
2 and transferring or selling the assets, you recall that;  
3 right? This e-mail, you've seen it at your deposition?

4 A. I mentioned to you they show me the e-mail with the  
5 attachment. It was no content. There was nothing that  
6 Mr. John showed to me. The e-mail didn't have anything in  
7 there. It just show attachment.

8 He told me: Have you seen this e-mail? It has my  
9 e-mail address. But did I open the attachment? I told him I  
10 do not recall because my focus for almost four weeks, day and  
11 night, with every single investment including Paul, except  
12 Bruce, spending time to fix the management of the company.

13 Q. So as of the time that the e-mails went around about  
14 terminating employees and selling off the assets, in your  
15 mind was the company shut down?

16 A. No, not at all.

17 Q. As of that time that those e-mails were going around,  
18 had you concluded that your investment was gone; the company  
19 is worth zero?

20 A. I work -- I keep saying -- six, seven, eight hours on  
21 the phone. The answer --

22 Q. Yes or no?

23 A. Let me explain to you.

24 THE COURT: Just a moment.

25 THE WITNESS: It's not a simple yes or no.



1 THE COURT: No. One at the time.

2 THE WITNESS: Yes.

3 THE COURT: Would you repeat the question?

4 BY MS. ZERNER:

5 Q. As of the time that the e-mails were going around to  
6 terminate the employees and sell off the assets, did you  
7 believe that your investment was gone and worth zero?

8 THE COURT: You may answer that yes or no.

9 THE WITNESS: You know, can you repeat the  
10 question, because it's so vague for me, if you don't mind. I  
11 mean, can you repeat? The e-mails going around? I have no  
12 idea there was e-mails about termination, selling the assets.  
13 And you're telling me as the e-mail is going around telling  
14 you we're selling the assets, terminating the employees. Are  
15 you saying your investment is zero? I said I don't recall  
16 seeing those e-mails. I was spending hours on the phone to  
17 fix the company.

18 THE COURT: All right. Let's have the -- the ball  
19 is now in your court.

20 MS. ZERNER: Thank you, Your Honor. I'll be more  
21 specific.

22 BY MS. ZERNER:

23 Q. In March 2016 when an e-mail is sent by Mr. Bruce Cahill  
24 with a consent agreement proposed to sell off the assets, did  
25 you have an understanding that your investment was now gone,

1       worth zero?

2       A.     If I had seen the e-mail, the answer is yes, my  
3       investment was zero. I mentioned to you earlier I did not  
4       see the e-mail. I did not open the e-mail.

5       Q.     Okay.

6               And did you come to the conclusion then that -- in  
7       early March 2016 had you come to the conclusion that you all,  
8       the investors, had all lost your money except for Mr. Edalat?  
9       He's the only one that made out with something?

10      A.     I came to conclusion I lost the money.

11      Q.     And not that everyone else, Mr. Scott and the others,  
12      had lost theirs as well and --

13      A.     I just worry about --

14      Q.     -- that Mr. Edalat was the only one that made money off  
15      of this investment?

16      A.     I mentioned I lost the money.

17      Q.     So your answer is, no, you had not come to that  
18      conclusion?

19      A.     I came to the conclusion I lost the money.

20      Q.     And not that Mr. Scott had lost his money?

21      A.     I do not know.

22      Q.     And was it your belief, then, at the time that  
23      Mr. Cahill is sending -- sent around the e-mail saying we  
24      need to sell off the assets, that they were going -- the  
25      equipment needs to be sold off anyway, whether you signed off

1 on the document or not?

2 A. Yes.

3 Q. Is that true?

4 A. Yes.

5 Q. And you knew there was -- there was -- the company was  
6 significantly in debt at that time? Did you know that?

7 A. I did not know that. All I know, I explained to you.  
8 Greg called me and said: We are about to raise money for the  
9 company, and my simple answer was: Let's fix the management  
10 problem. Then I participate on investing money. That was my  
11 answer to Greg. He is here and he can tell you that.

12 Q. Did you ever talk to Mr. Scott about this e-mail from  
13 Mr. Cahill with the resolution to sell off the PharmaPak  
14 assets?

15 A. No.

16 Q. So you didn't talk to Mr. Scott about how the company  
17 was dead as of that time the e-mail went around?

18 A. No.

19 Q. And you didn't talk to Mr. Scott about how the e-mail  
20 proposing to terminate the employees didn't matter because  
21 they were going to be terminated anyway?

22 A. No.

23 Q. And you didn't say to Mr. Scott that PharmaPak doesn't  
24 have the money to go on at that time?

25 A. No.

1 Q. And you didn't say to Mr. Scott that the company really  
2 needed an injection of money at that point?

3 A. I spoke to --

4 Q. Sir?

5 A. No, no, no. I don't --

6 THE COURT: Hold on. Hold on. We can't talk at  
7 the same time. I'm going to place the ball in your court,  
8 counsel.

9 BY MS. ZERNER:

10 Q. Did you say to Mr. Scott that we need an injection of  
11 money into this company when you -- as of the time the e-mail  
12 of Mr. Cahill regarding selling off the assets was sent  
13 around? Did you say that to Mr. Scott?

14 A. Can I say without saying yes or no? Can I explain to  
15 you? I spoke to every --

16 Q. No, sir. Can you answer my question?

17 A. I mean, Scott, Greg, Ron -- Ron, maybe not. And John.  
18 The answer is, yes, I told them that we have to go and fix  
19 the management to raise the money.

20 Q. So you didn't say that the company was dead?

21 A. No.

22 Q. Sir, I'm going to now play a recording for you.

23 A. Yes.

24 Q. And I'm just going to play a part of it to start off so  
25 you can listen to the voices --

1 A. Sure.

2 Q. -- and identify them. Okay?

3 A. Sure.

4 MR. KASHANI: I object. I haven't been  
5 provided with this recording.

6 MS. ZERNER: Your Honor, this is offered for  
7 impeachment. We had an agreement as to authenticating the  
8 audio recording. This objection has nothing to do with  
9 foundation. Again, it's offered for impeachment based on the  
10 direct testimony offered here today.

11 MR. KASHANI: We had no agreement concerning this  
12 recording. Last night --

13 THE COURT: Just a moment. Is this recording  
14 related at all to the previous recording?

15 MS. ZERNER: No.

16 THE COURT: Hold on. It's a different meeting?

17 MS. ZERNER: It's a different meeting.

18 THE COURT: And how do we have -- why don't we have  
19 a foundation issue?

20 MS. ZERNER: The stipulation that was made earlier  
21 today for both of us is that if there was an audio recording  
22 offered today, that it could be -- the foundation would be  
23 established by playing a portion of it for the witness on the  
24 stand a part that's not controversial.

25 THE COURT: All right. Just a moment. In the

1 stipulation you have described, was that clearly intended to  
2 apply to all other voice communications that might be  
3 presented?

4 MS. ZERNER: Yes.

5 THE COURT: What do you say to that, Mr. Kashani?

6 MR. KASHANI: I disagree very strongly with that.  
7 I made a lot of technical effort to get them the recordings  
8 that I used in advance. This is a recording they have not  
9 provided to me.

10 THE COURT: Okay. Let me stop you there. It would  
11 seem to me unlikely that a counsel would say: Anytime you  
12 have a recording, we'll just listen to the beginning and see  
13 if that establishes a foundation. That -- it seems to me  
14 unlikely that there would be an agreement as to all future  
15 recordings along that basis.

16 Perhaps you misinterpreted. But unless it was  
17 clear that -- the gracious concession. Perhaps it was clear  
18 that the gracious concession you made -- let me back up.

19 You made a gracious concession. In order for that  
20 handling of foundation to apply across the board to all other  
21 recordings, it would have to be much more clear than the  
22 literal she said, he said, that we have here in court right  
23 now, because it seems unlikely there would be a concession  
24 like that for all future recordings.

25 So what do you now propose?

1 MS. ZERNER: I have Mr. Scott here who can  
2 authenticate the recording I was about to play for  
3 Mr. Asvadi, -- if I can do that through Mr. Scott in light of  
4 what we now understand, that our stipulation does not apply  
5 as the way we thought it did.

6 THE COURT: Let me ask this: How long will you be  
7 inquiring of this witness?

8 MS. ZERNER: Of Mr. Asvadi?

9 THE COURT: Yes.

10 MS. ZERNER: Do you mean --

11 THE COURT: Right now, how much more time? When I  
12 ask that, I'm usually looking for a break where all this can  
13 be ironed out without wasting the jury's time. That's why I  
14 ask that kind of question.

15 How much longer with this witness? Probably not  
16 that much longer?

17 MS. ZERNER: I don't have anything more with that  
18 other than the recording.

19 THE COURT: Okay. So this is the last thing on  
20 this witness.

21 MS. ZERNER: And Mr. Scott will just take a moment  
22 to -- a minute or two to authenticate, Your Honor.

23 THE COURT: What do you think of that proposal?

24 MR. KASHANI: Foundation is not the only problem.  
25 I provided the complete recordings. There were about

1 45 minutes of recording. I provided both of them to the  
2 opposing counsel and --

3 THE COURT: That is true.

4 MR. KASHANI: -- they have not provided me with  
5 this recording. I cannot review it and know if they've taken  
6 a misleading excerpt out of context.

7 THE COURT: Nor can you know that if the foundation  
8 element was satisfied, whether what's in the recording might  
9 also have objectionable material -- attorney-client  
10 privilege, hearsay, et cetera.

11 So unless Mr. Kashani has the opportunity to hear  
12 it -- and I realize you're presenting it now because you  
13 claim it's impeachment. But we are presented with challenges  
14 as to how we may proceed.

15 MS. ZERNER: In light of this, Your Honor, then we  
16 ask that Mr. Asvadi be ordered to return after the audio  
17 recording is heard.

18 THE COURT: By who? I'm not understanding the  
19 procedure.

20 MS. ZERNER: If Your Honor could order Mr. Asvadi  
21 to return for further questioning --

22 THE COURT: I heard that. And then you said after  
23 the audio is heard. My question was: Heard by who?

24 MS. ZERNER: After the audio recording is heard and  
25 it's admitted to play before the jury, if we could then



1 have Mr. Asvadi --

2 THE COURT: For the third time. I'm sorry. For  
3 the third time, heard by who?

4 MS. ZERNER: By the jury.

5 THE COURT: I'm not understanding that at all.  
6 We've presented numerous problems for playing the audio in  
7 front of the jury.

8 MS. ZERNER: If that's resolved and we are allowed  
9 to proceed and present the evidence to the jury, then we  
10 would like Mr. Asvadi to be available for questioning  
11 thereafter.

12 THE COURT: All right. I'm sorry. And by what  
13 mechanism are we going to resolve that?

14 MS. ZERNER: By Your Honor ordering that Mr. Asvadi  
15 remain available to appear again before --

16 THE COURT: No. We're having -- we're not making a  
17 connection here. There are numerous problems with playing  
18 this right now. There may be foundation issues. The audio  
19 may have additional injections embedded in it. I'm just  
20 asking how you want to resolve all those issues before it can  
21 be played in front of the jury in any context.

22 MS. ZERNER: As I understood, Your Honor, we were  
23 going to take a break to resolve those issues. And assuming  
24 those do get resolved --

25 THE COURT: How?

1 MS. ZERNER: -- such that we can then thereafter  
2 play the recording, we would like Mr. Asvadi to be available  
3 thereafter subject to that approval to offer it in evidence.

4 THE COURT: Okay. Before I do that, I need to have  
5 a clear program on how you intend to resolve these issues.  
6 And you said play it, and I said: To whom?

7 MS. ZERNER: I understood, Your Honor, we would  
8 take a break and resolve whether it needs to be --

9 THE COURT: How? How? How? What are you -- if we  
10 were to take a break right now, I just want to know what  
11 you're proposing to do.

12 MS. ZERNER: Your Honor, we would discuss whether  
13 this can be stipulated to with Mr. Kashani or, as I  
14 understood your order --

15 THE COURT: I don't see a clear path. If you can  
16 give me a clear path, I can consider it, but a number of  
17 things have to happen before we could resolve the  
18 admissibility of this.

19 Mr. Markham, do you have a proposal?

20 MR. MARKHAM: I do, Your Honor.

21 THE COURT: And it is?

22 MR. MARKHAM: We suspend our examination of this  
23 witness. We give Mr. Kashani the tape. We come back  
24 Tuesday. If he does not have a legitimate objection to the  
25 tape, Mr. Asvadi retakes the stand. Mr. Scott, if he can

1 satisfy the Court that he authenticates the tape, then we  
2 play the tape and ask him the questions about the tape and  
3 the contents of the tape.

4 THE COURT: Okay. You've just added something key.  
5 You said Tuesday.

6 MR. MARKHAM: Yes.

7 THE COURT: Okay. So now we can turn to  
8 Mr. Kashani and say: What is your view on that?

9 MR. KASHANI: Your Honor, I specifically raised the  
10 issue of recording --

11 THE COURT: Hold on. Let's get directly to the  
12 point. The issue of Tuesday has been raised. Don't give me  
13 a lot of other arguments. I think I already know what they  
14 are. I'm on top of this. What about the proposal of you  
15 reviewing over the weekend and potentially having this  
16 witness come back Tuesday?

17 MR. KASHANI: I think that's an unfair imposition  
18 on the witness and on me. There's issue of audio recordings  
19 I raised outside the earshot of the jury conservatively. I  
20 said I had a recording yesterday when the jury was absent,  
21 and we discussed the issue. I provided copies to counsel  
22 before I made any attempt to play it --

23 THE COURT: Okay. I'm going to cut you off because  
24 you're winning. I think that makes sense. I'm not going to  
25 order this witness to come back Tuesday on this matter.

1 MR. MARKHAM: May Mr. Scott retake the stand to  
2 authenticate the tape?

3 THE COURT: When and how?

4 MR. MARKHAM: Well, as the next witness. Well,  
5 after Mr. Kashani sees it over the weekend, may he come back?  
6 I represent to the Court that this is a statement by this man  
7 that is relevant --

8 THE COURT: Hold on. Hold on. Hold on. We don't  
9 want a statement in front of the jury about the statement  
10 from this man.

11 MR. MARKHAM: In fairness to us, because we did not  
12 get the benefit of the stipulation that we thought and is  
13 worded as beyond --

14 THE COURT: You know what? The Court is always  
15 concerned about stipulations being addressed in front of the  
16 jury.

17 MR. MARKHAM: All right.

18 THE COURT: We've had plenty of time to resolve  
19 this matter.

20 You know, for the record, I was here at 7:30 and I  
21 was in this courtroom at 7:30. We could have sat down and  
22 resolved it all at that time.

23 MR. MARKHAM: Until recently --

24 THE COURT: Let me ask this: How long is this  
25 audio?

1 MR. MARKHAM: We will play about 20 minutes of it.  
2 And Mr. Kashani --

3 THE COURT: Okay. Now, you see, that presents a  
4 further difficulty. You're requiring Mr. Kashani to listen  
5 to 20 minutes of an audio, making it --

6 MR. MARKHAM: Between now and Tuesday, yes.

7 THE COURT: We're talking over each other again,  
8 which isn't helpful.

9 MR. MARKHAM: I apologize.

10 THE COURT: All right.

11 State your objections, Mr. Kashani. Let's return  
12 to where we were. The plaintiff requires -- the plaintiff  
13 requests that the tape be played at this time. Do you  
14 object?

15 MR. KASHANI: Yes, foundation, and foundation is  
16 the main objection. Hearsay. And I don't know what's on the  
17 tape, so I don't know what else to object to.

18 THE COURT: Potential hearsay.

19 MR. KASHANI: Potential hearsay. Potential  
20 attorney/client privilege. Many potential objections.

21 THE COURT: The objection is sustained.

22 That's the best I can do. Sorry. If you wish at a  
23 later time to make an offer of proof, you may, but there's  
24 just too much obstacles to get from there to here.

25 MR. MARKHAM: No further questions, Your Honor.

1 THE COURT: Okay. Thank you.

2 Redirect.

3 **REDIRECT EXAMINATION**

4 BY MR. KASHANI:

5 Q. Mr. Asvadi, you mentioned a company called Alternate  
6 Health?

7 A. Yes.

8 Q. Is that a public company in Canada?

9 A. Yes, it is.

10 Q. Are you aware that Sentar Pharmaceutical has a U.S.  
11 patent application?

12 A. Yes, I -- yes, international. Not just U.S.

13 Q. And this is a patent that Mr. Edalat is the inventor?

14 A. Yes.

15 Q. And Mr. Edalat is listed as the inventor on the final  
16 application, not just the provisional?

17 A. That's my understanding, yes.

18 Q. And this invention is separate from anything in  
19 PharmaPak?

20 A. That is correct.

21 MR. KASHANI: I would like to offer at this time  
22 Exhibit 947, which is the U.S. patent application.

23 THE COURT: Which is that?

24 MR. KASHANI: 947 is the patent application.

25 THE COURT: Any objection?

1 MS. ZERNER: Objection, Your Honor. Hearsay.  
2 Authentication.

3 THE COURT: Sustained.

4 BY MR. KASHANI:

5 Q. Sir, has that patent application resulted in value for  
6 Sentar Pharmaceutical?

7 MS. ZERNER: Objection, Your Honor. Referring to  
8 something that's not admitted.

9 THE COURT: That objection is overruled.

10 Do you have another one? Does this witness know of  
11 the patent we're speaking of?

12 MS. ZERNER: Foundation, Your Honor.

13 THE COURT: Not foundation. Actually I'll call it  
14 foundation. We don't know if this witness has any idea what  
15 that patent application is.

16 BY MR. KASHANI:

17 Q. Mr. Asvadi, are you familiar with Mr. Edalat's and  
18 Sentar's patent application?

19 A. Yes, I am familiar.

20 THE COURT: Is that a sufficient description of  
21 this particular patent application? There seemed to be more  
22 than one.

23 MR. KASHANI: Yes.

24 BY MR. KASHANI:

25 Q. I don't expect you to know it by number, sir, but are

1     you familiar with a U.S. patent application that lists  
2     Mr. Edalat as inventor, Sentar Pharmaceutical as the  
3     assignee, and relates to sublingual or under-the-tongue  
4     pills?

5     A.    Yes, I am familiar.

6     Q.    And is that because you participated in the discussions  
7     with Alternate Health concerning this patent application?

8     A.    Yes.

9           MS. ZERNER:  Objection.  Leading.  Hearsay.

10          THE COURT:  Sustained.  The answer if it came in  
11     will be stricken.

12     BY MR. KASHANI:

13     Q.    How is it that you are familiar with the patent  
14     application that I will refer to as the Edalat invention,  
15     Sentar assignment?

16     A.    Because --

17           MS. ZERNER:  Objection, Your Honor.  Again, this  
18     document or title is not in evidence.

19          THE COURT:  Overruled.

20          THE WITNESS:  I'm familiar because when I invested  
21     at Sentar, Paul Edalat specifically mentioned about that  
22     patent.  And I liked what the patent does and what it can do  
23     for the revenue of Sentar at that time.

24     BY MR. KASHANI:

25     Q.    I'd like to blank the screen and show you, sir, the



1 first page of Exhibit 947 for identification.

2 THE COURT: All right. We'll blank the screen.

3 BY MR. KASHANI:

4 Q. Sir, could you look at the screen in front of you?

5 A. Yes.

6 Q. Do you recognize this document, what has been marked as  
7 Exhibit 947? Do you recognize this document?

8 A. Yes. Yes.

9 Q. What is Exhibit 947?

10 A. It's a United States patent application.

11 MS. ZERNER: Objection, Your Honor. He's reading  
12 from the document rather than identifying it himself.

13 THE WITNESS: I thought you said you --

14 BY MR. KASHANI:

15 Q. Without looking --

16 THE COURT: Hold on.

17 MR. KASHANI: I'm sorry.

18 THE COURT: Finish the sentence you started. It's  
19 a United States patent application. Go ahead.

20 THE WITNESS: United States patent application  
21 publication.

22 THE COURT: Next question.

23 BY MR. KASHANI:

24 Q. Without looking at the document, having looked at it.

25 Please turn away and I'll blank the screen. Do you recognize

1 Exhibit 947?

2 A. Yes, I do.

3 Q. What is Exhibit 947?

4 A. It was about the patent for sublingual.

5 Q. Is this a patent of which Mr. Edalat is inventor?

6 A. Yes.

7 Q. Assigned to Sentar?

8 A. Yes.

9 MR. KASHANI: I offer Exhibit 947.

10 MS. ZERNER: Objection, Your Honor. Hearsay.

11 THE COURT: Response?

12 MR. KASHANI: Patent application is an official  
13 document filed with the patent office.

14 THE COURT: The objection is overruled. 947?

15 MR. KASHANI: Yes, Your Honor.

16 THE COURT: All right.

17 **(Exhibit 947 received)**

18 BY MR. KASHANI:

19 Q. Now, sir, Exhibit 947 --

20 THE COURT: Hold on. I'm going to at this point,  
21 because I don't know where we're going, going to accept its  
22 admission for a limited purpose. It is possible that in the  
23 application column 17, line 14, there's a factual statement,  
24 and that would be hearsay.

25 So we're letting this patent application in. It's

1 an official filing of the United States. It's in to let you  
2 know that there's an application, but you can't look at it  
3 for facts that might appear on page 17 because the plaintiffs  
4 wouldn't have had the opportunity to cross-examine on those  
5 facts or to determine if those facts are true.

6 So for this document, it's coming in as an official  
7 document of the United States, but it's not coming in to  
8 prove particular facts that may or may not appear in it. I  
9 haven't looked it over.

10 Okay. With that, continue.

11 BY MR. KASHANI:

12 Q. Mr. Asvadi, do you understand that this is the patent  
13 application, the actual patent application, not the  
14 provisional application?

15 A. Yes. I understand.

16 THE COURT: By the way, at any time if you would  
17 like to voir dire the witness concerning his knowledge,  
18 you're free to do so.

19 MS. ZERNER: Thank you, Your Honor.

20 THE COURT: Okay.

21 BY MR. KASHANI:

22 Q. To your knowledge was Mr. Edalat the inventor on this  
23 patent?

24 A. Yes, I do.

25 Q. And just to be clear, this patent is separate from the

1 provisional patents that belong to PharmaPak?

2 A. The PharmaPak was patch delivery. This is sublingual  
3 for pills. I'm not a medical doctor, but this is my  
4 understanding.

5 Q. I'm going to ask you, sir: Do you have any knowledge as  
6 to whether Sentar Pharmaceutical has derived value from this  
7 patent application, Exhibit 947?

8 A. I mean, this patent is the reason I invested at Sentar,  
9 whatever valuation you want to put on that.

10 Q. And are you satisfied with your investment?

11 A. Yes. I mentioned earlier based on the progress that the  
12 Sentar is going through, I'm happy.

13 Q. All right. Thank you, sir.

14 MR. KASHANI: No further questions.

15 **RECROSS-EXAMINATION**

16 BY MS. ZERNER:

17 Q. Mr. Asvadi --

18 A. Yes.

19 Q. -- you were just talking about this particular patent  
20 that you identify as Mr. Edalat's for his sublingual process;  
21 correct?

22 A. Yes.

23 Q. And that's not for a patch process; correct?

24 A. Yes. It says clearly sublingual, which, my  
25 understanding is for pills.

1 Q. At PharmaPak your understanding was the patents were for  
2 patches?

3 A. Yes.

4 Q. If you'll just give me a moment, I'm going to show you a  
5 document.

6 A. Sure.

7 THE COURT: Sure.

8 (Pause in the proceedings)

9 BY MS. ZERNER:

10 Q. If you could take a look at Exhibit 216 which has  
11 already been admitted in evidence, Mr. Asvadi, this is, I'll  
12 represent to you, a list of the PharmaPak patents. If you  
13 could take a look through and read the titles there in the  
14 column marked title.

15 A. It says client matter number, title, filing date,  
16 application serial number, status, next action, assignment,  
17 inventor.

18 Q. Right. And if you go back to the title column --

19 A. Yes.

20 Q. -- can you read those titles to yourself?

21 A. You cover it with the circle.

22 Q. Sorry.

23 MR. MARKHAM: I thought that was helping you.

24 Sorry.

25

1 BY MS. ZERNER:

2 Q. Actually, sir, if you could read them aloud for us while  
3 you're going through them.

4 A. It says novel enhanced pure CBD only comprising device  
5 and method for the transdermal delivery of cannabidiol.

6 Q. Is that transdermal delivery?

7 A. Yes, transmittal [sic] delivery, cannabidiol.

8 Q. So that's not sublingual; correct? It identifies  
9 transdermal there; correct?

10 A. Transdermal means, yes, delivery of, methodology of  
11 delivery, yes.

12 Q. Can you read the next one for us?

13 A. Device and method for the transdermal delivery of  
14 cannabis without other cannabidiol.

15 Q. So again that's no mention of the sublingual process;  
16 correct?

17 A. I do not see sublingual, no.

18 Q. And can you read the third one, sir?

19 A. Improved device and method for the transdermal delivery  
20 of cannabis and cannabidiol, yeah.

21 Q. Thank you, sir.

22 A. Sure.

23 Q. Just a moment, sir.

24 MS. ZERNER: No further questions. Thank you.

25 THE COURT: All right.

1 MR. KASHANI: No questions. Thank you, Mr. Asvadi.

2 THE COURT: Sir, you may step down.

3 THE WITNESS: Thank you.

4 THE COURT: And I believe we are back to  
5 Mr. Cullen.

6 MR. KASHANI: Actually, Your Honor, I apologize  
7 again. We have a very briefly witness, a rebuttal witness,  
8 per agreement with my colleague. He can come on and off now.  
9 His name is Dennis Ardi.

10 MR. MARKHAM: No objection.

11 THE COURT: That's very kind of you, Mr. Markham.

12 MR. MARKHAM: Thank you, Your Honor.

13 **Dennis Ardi, Defendant's witness, sworn**

14 THE CLERK: If you will please state and spell your  
15 first and last name.

16 THE WITNESS: My name is Dennis Ardi. First name  
17 is D-e-n-n-i-s. My surname is A-r-d-i.

18 THE CLERK: Thank you.

19 **DIRECT EXAMINATION**

20 BY MR. KASHANI:

21 Q. Thank you for coming, Mr. Ardi. Where do you reside?

22 A. I reside in Pacific Palisades, California.

23 Q. Could you tell us briefly about your educational  
24 background.

25 A. Yes. I'm an attorney. I went to college at Cornell

1 University where I received a bachelor of arts degree in  
2 government. Then I went to Harvard Law School and received a  
3 JD degree. I graduated in 1971.

4 Q. Since then have you worked at various law firms?

5 A. I've been in continuous law practice since I graduated  
6 from law school. I'm a member of the bar in California, in  
7 New York, in Massachusetts, and in the District of Columbia.

8 Q. Could you list some of the firms that you -- law firms  
9 that you've worked with?

10 A. Yes. My longest stint working for a law firm was with  
11 the Wall Street law firm of Sherman and Sterling. I worked  
12 with Sherman and Sterling in international finance in the  
13 1970s and then again when Sherman and Sterling opened in  
14 Los Angeles for the entire time they were open in Los Angeles  
15 in the 1990s.

16 Q. And for the record, as a matter of disclosure you and I  
17 met at Sherman and Sterling, the Wall Street firm?

18 A. That is correct.

19 Q. And since then off and on we have had certain  
20 collaborations; is that correct, sir?

21 A. Yes, it is.

22 Q. Do you and I have any collaboration of any kind relating  
23 to this case?

24 Let me rephrase. Other than referring me to the  
25 client, Mr. Edalat, do you and I have any collaboration or



1 connection in regard to this case?

2 A. No.

3 Q. Do you have any financial interest in the outcome of  
4 this case?

5 A. No, I do not.

6 Q. How did you meet Mr. Paul Edalat?

7 A. I met Mr. Edalat through my partners in an investment  
8 fund that we were organizing. I met Mr. Edalat at the time  
9 we were organizing the investment fund about 10, 11 months  
10 ago.

11 Q. What is the purpose of this investment fund?

12 A. Our investment fund is to invest money on behalf of  
13 foreign nationals who want to invest in United States real  
14 estate.

15 Q. Has Mr. Edalat assisted your efforts in setting up this  
16 investment fund?

17 A. Yes, Mr. Edalat has.

18 Q. How has Mr. Edalat assisted your efforts in setting up  
19 this fund?

20 A. Well, first he introduced us to Farooq Arjomand.  
21 Mr. Arjomand is a citizen of the United Arab Emirates. He  
22 went to school in the United States. He's a successful  
23 businessman in the United Arab Emirates.

24 He was one of the founders of Emaar Properties,  
25 which is one of the largest construction companies and

1 property holding companies in Dubai.

2 Q. Sir, for -- by Dubai, you mean Dubai in the United Arab  
3 Emirates?

4 A. That's correct. Dubai is one of the Emirates, and Emaar  
5 Construction built the Burj Khalifa, which is the tallest  
6 building in the world.

7 Q. So Mr. Edalat introduced your fund to the chairman of  
8 the company that constructed the tallest building in the  
9 entire world?

10 A. To one of the founders of that company, yes. And  
11 subsequently Mr. Arjomand, we took him in as a partner in our  
12 fund. And he's a senior manager, as am I, as is Mr. Edalat.

13 Q. Did Mr. Edalat introduce you to other persons who were  
14 useful to your fund?

15 A. Yes, he did. We all made a trip to Dubai in March.  
16 While we were there, Mr. Edalat arranged us to meet His  
17 Excellency Salah Al Shamsi, who owns a company called -- and  
18 is the CEO of a company called Liwa Petroleum Supplies,  
19 something like that.

20 His company supplies equipment and pipelines to the  
21 petroleum industry -- offshore oil rigs, rigs to drill for  
22 wells on land. It's quite a big company.

23 Q. Did Mr. Edalat introduce you to other, let's say, big  
24 players in Dubai?

25 A. Yes, he did. Well, we met Mr. -- His Excellency's son,

1 Salem Al Shamsi. Farooq Arjomand was with us. We had many  
2 meetings at our hotel, and we were actually invited to Mr. --  
3 His Excellency's house in Abu Dhabi, which is 70 miles away.

4 Q. You said house. Is it more like a palace?

5 A. It is a palace.

6 Q. In fact, it's the largest -- it's the largest private  
7 palace in the Emirates; isn't it?

8 A. I was told that, and I have no reason to doubt it.

9 Q. If I may, sir, I'd like to show you a photograph for  
10 identification.

11 THE COURT: All right. This isn't admitted?

12 MR. KASHANI: No, it's not. I'm simply showing it  
13 to him for identification.

14 THE COURT: Are you asking me to black the screen?

15 MR. KASHANI: Yes, Your Honor. I wasn't moving it  
16 over until I made that request.

17 BY MR. KASHANI:

18 Q. Sir, do you see a photograph in front of you?

19 A. Yes, I do.

20 Q. Is this photograph a fair and an accurate depiction of  
21 the persons and events in the photograph?

22 A. Yes, it is.

23 MR. KASHANI: I offer the photograph as  
24 Exhibit 1006.

25 MR. MARKHAM: No objection.

1 THE COURT: Admitted.

2 MR. KASHANI: I'm sorry, Your Honor. I need to  
3 move the screen on.

4 THE COURT: Now, you've admitted it as 1006. For  
5 the record, I don't have 1005. I don't know if Ms. Bredahl  
6 does.

7 Do you, Ms. Bredahl.

8 THE CLERK: I do not, Judge.

9 THE COURT: Okay. Do you want to make this five  
10 instead of six.

11 MR. KASHANI: Yes, Your Honor. My mistake. I  
12 apologize.

13 THE COURT: So this is 1005, a photo of a meal.

14 **(Exhibit 1005 received.)**

15 BY MR. KASHANI:

16 Q. Sir, I just want to point out a few people in the photo.  
17 Who is the gentleman in the black?

18 A. If you're pointing to the person who is third from the  
19 left -- I can't see where you're pointing -- that's Paul  
20 Edalat.

21 Q. Let me see if I can get a better pointer. I'm not sure  
22 I can. And are you -- you have the right way of doing it.  
23 Are you fifth from the left?

24 A. Yes, I am.

25 Q. Who is first on the left?

1 A. That's His Excellency Al Shamsi's son. His name is  
2 Salem Al Shamsi.

3 Q. Who is the gentleman at the head of the table? I think  
4 he has his hand out.

5 A. That's His Excellency Salah Al Shamsi.

6 Q. What's going on in this photograph?

7 A. This is at the beginning of a -- I have to call it a  
8 banquet that His Excellency had for us at his house. He  
9 hosted us at his house on a Sunday afternoon.

10 Q. And who got your group invited to this banquet?

11 A. Mr. Edalat.

12 Q. Was the banquet in connection with your business  
13 discussions?

14 A. Well, yes. His Excellency traveled from Abu Dhabi down  
15 to Dubai and met with us there for an entire day, and we  
16 talked about business. He gave us information about doing  
17 business in Dubai and in Abu Dhabi. He wanted to find out  
18 more about our business plans.

19 Then after that, he invited us to his house in Abu  
20 Dhabi and we made the trip, and this is the banquet he held  
21 for us that day.

22 Q. I'd like to show you for identification --

23 MR. KASHANI: I'm sorry, Your Honor. I have to ask  
24 to blank the screen again.

25 BY MR. KASHANI:

1 Q. I'd like to show you for identification another  
2 photograph we'll mark as Exhibit 1006. Do you recognize this  
3 photograph?

4 A. Yes. This is a photograph --

5 Q. Just answer yes at this time.

6 A. Yes.

7 MR. MARKHAM: I have no objection to its admission.

8 THE COURT: Admitted, 1006.

9 **(Exhibit 1006 received.)**

10 BY MR. KASHANI:

11 Q. Could you go across the room and tell us the people in  
12 this photograph?

13 A. Yes. On the left is George Peterson, who is a partner  
14 and a senior manager of our fund. Next from the left is Sean  
15 Chen, who is also a partner and a senior manager of our fund.

16 Next underneath the television screen is Morton  
17 Irvine Smith, who is a partner and a senior manager of our  
18 fund. And then sitting, the next one from the left, fourth  
19 from the left, is Farooq Arjomand, who as I said before is a  
20 partner and a senior manager in our fund.

21 Then fifth from the left, that is me sitting there.  
22 Then sixth from the left in the couch in the middle on the  
23 left is His Excellency. Then is -- there is Paul Edalat.  
24 Then there is Chris Condon, who is a partner and senior  
25 partner in our fund. On the last couch with the pink shirt,

1 that's Brian Quinn, who is a partner and senior manager of  
2 our fund. And finally His Excellency's son.

3 Q. And of the people in this room, who introduced you to  
4 His Excellency?

5 A. Paul Edalat did.

6 Q. Who arranged the meetings?

7 A. Paul Edalat did.

8 Q. Is this one of the, I'm sure, many rooms in His  
9 Excellency's palace?

10 A. Yes, it is.

11 Q. How is the business going in general?

12 A. The business is going very well. We are talking to many  
13 investors in the Middle East, not only in Dubai and Abu Dhabi  
14 but also in Qatar through someone introduced by Mr. Edalat,  
15 and also to someone from Saudi, a person who is a physician  
16 and owns seven or eight hospitals in the Middle East and is  
17 very well connected there.

18 Q. And these are all people introduced by Mr. Edalat?

19 A. Yes, they are.

20 Q. Thank you very much, sir.

21 MR. KASHANI: No further questions.

22 **CROSS-EXAMINATION**

23 BY MR. MARKHAM:

24 Q. Good morning.

25 A. Good morning.

1 Q. So, 53 Wall Street or 399 Park Avenue?

2 A. 53 Wall Street.

3 Q. I was at 399.

4 A. I've been to 399 many times.

5 Q. Mr. Harfield, did you know him -- Henry Harfield?

6 A. Yes.

7 Q. John Hoffman?

8 A. I don't recall John Hoffman.

9 Q. Dan Boone?

10 A. I don't recall.

11 Q. He went to Cornell and went to Sherman and Sterling as  
12 well.

13 A. I don't recall them.

14 Q. I went to Sherman and Sterling and worked with  
15 Mr. Harfield.

16 A. Oh, I see.

17 Q. Lucky break for me, huh?

18 A. Yes.

19 Q. Okay. Now, did Paul ever invest in your fund --  
20 Mr. Edalat?

21 A. No. Paul Edalat has not invested in our fund.

22 Q. Did Mr. Edalat get a finder's fee or fee for making  
23 these introductions for you?

24 A. No, he did not.

25 Q. Do you know whether or not Mr. Edalat has ever been in



1 bankruptcy?

2 A. I do not know.

3 Q. Do you know whether or not he's ever been enjoined by  
4 the Food and Drug Administration from operating certain  
5 businesses?

6 A. I do not know.

7 Q. It sounds like your fund is doing well?

8 A. The business is progressing very nicely.

9 MR. MARKHAM: Thank you.

10 MR. KASHANI: No questions. Thank you, Mr. Ardi.

11 THE COURT: You may step down.

12 Are we now finally back to Mr. Cullen?

13 MR. KASHANI: Yes, Your Honor.

14 THE COURT: Mr. Cullen, please come forward. You  
15 remain under oath. Do you understand?

16 THE WITNESS: I do indeed.

17 THE COURT: All right.

18 **Greg Cullen, Plaintiff's witness, previously sworn**

19 **CROSS-EXAMINATION RESUMED**

20 BY MR. KASHANI:

21 Q. Sir, returning to the Life Tech Global private placement  
22 memorandum, we left off on description of the patents. Do  
23 you recall that, sir?

24 A. I do, yes.

25 Q. I would like to discuss more the business model of Life

1 Tech Global. Are you familiar with the business model of  
2 Life Tech Global?

3 A. Yes.

4 Q. Can you turn to page 34 of the private placement  
5 memorandum. Could you read the paragraph I've highlighted?

6 A. The company is presently negotiating joint venture  
7 relationships and distribution agreements for the  
8 manufacture, distribution, and sale of patches. The company  
9 has signed a definitive agreement with a large reputable  
10 company in Colorado. It is in active discussions with  
11 similar groups in California, Washington, Nevada, Florida,  
12 and Maine. It is anticipated that all of the agreements that  
13 the company enters into for its products will be similar in  
14 nature.

15 Q. Now, sir, CBD's derived from marijuana are not legal in  
16 every state, are they, to your knowledge?

17 A. To my knowledge there's some question over whether it's  
18 legal or not in some states.

19 Q. But some states have legalized marijuana and marijuana  
20 products?

21 A. That is correct.

22 Q. In those states are there restrictions on the  
23 importation of marijuana products from outside of the state?

24 A. I'm certainly not an expert in this, and I will state  
25 that up front, but I believe there is a restriction. But

1       somehow it gets there, and I don't know how that's handled.

2       Q.    Is Life Tech Global licensed to sell marijuana products  
3       in Colorado?

4       A.    It is not.

5       Q.    You have -- Life Tech Global has set up an agreement to  
6       joint venture with a company in Colorado?

7       A.    That is correct.

8       Q.    And that company in Colorado is licensed to sell  
9       marijuana products in Colorado?

10      A.    It is represented to us that it is.

11      Q.    So the business model of Life Tech Global is to joint  
12      venture with the license companies in the various states, and  
13      then you, Life Tech Global, derive some profit from the  
14      operation. Is that essentially what it is?

15      A.    I would say that's a general explanation, yes.

16      Q.    Sir, isn't this the idea that was developed at  
17      PharmaPak?

18      A.    There were a number of ideas. This was one of the ones  
19      that was discussed amongst the investors at PharmaPak, yes.

20      Q.    I'd like to take you back to -- I'd like to look at  
21      Exhibit 769-50. I'm not sure if that's admitted.

22               MR. MARKHAM: What's the number again?

23               MR. KASHANI: I guess I have to -- unless there's a  
24      stipulation.

25               MR. MARKHAM: What's the number?

1 MR. KASHANI: 769-50.

2 THE COURT: Any objection?

3 MR. MARKHAM: Your Honor, yes. Hearsay.

4 Objection. Hearsay.

5 THE COURT: Response to the hearsay objection?

6 MR. KASHANI: Well, it's not offered for the  
7 truth of the matter implied.

8 THE COURT: Do you have it? Can you put it on the  
9 screen easily, or shall I get it from the --

10 MR. KASHANI: No. I can put it on the screen,  
11 Your Honor.

12 THE COURT: Please do.

13 MR. MARKHAM: That part is not hearsay, Your Honor.

14 MR. KASHANI: I'll highlight the part we're most  
15 interested in.

16 THE COURT: Do you have any objection to that part  
17 being admitted?

18 MR. MARKHAM: Yes, Your Honor. Hearsay.  
19 Ms. Karpinski.

20 THE COURT: The objection is sustained.

21 BY MR. KASHANI:

22 Q. Sir, do you recall it being specifically discussed at  
23 PharmaPak while it was PharmaPak that PharmaPak would enter  
24 into joint ventures with dispensaries that were licensed to  
25 sell marijuana products so that PharmaPak could derive a

1 profit from those sales?

2 A. I remember general discussions, again as a shareholder  
3 just to be clear. I was just a shareholder. I remember  
4 general discussions that one of the intended ways of  
5 generating revenue was to find local partners in various  
6 states where marijuana and CBD had been legalized and try to  
7 come to some sort of business arrangement with them. I  
8 wasn't involved in those business arrangements.

9 Q. What I want to understand, sir, is that this is the  
10 model that was devised in order to accommodate the fact that  
11 PharmaPak did not have a license to sell marijuana in these  
12 states. Is that part of the purpose of the model?

13 MR. MARKHAM: Objection, Your Honor. He says he  
14 wasn't involved in that.

15 THE COURT: Sustained.

16 BY MR. KASHANI:

17 Q. Sir, do you know why this model was developed?

18 A. Well, setting up joint ventures of this nature in  
19 various states is a very normal, common business practice.  
20 There's nothing proprietary about it. This makes perfect  
21 business sense to try to do something like that.

22 Q. Well, let's talk about Life Tech. You are familiar with  
23 Life Tech?

24 A. Yes.

25 Q. Life Tech is not licensed to sell marijuana products in

1 Colorado, for example?

2 A. Correct.

3 Q. But there's a company in Colorado that is licensed?

4 A. I'm sure there are numerous companies in Colorado that  
5 are licensed.

6 Q. And Life Tech entered into an agreement with a company  
7 in Colorado to supply machines, blank patches, something like  
8 that?

9 A. That's a general characterization, yes.

10 Q. And then the company in Colorado inserts the marijuana  
11 product onto the patch and sells the patch?

12 A. Again without going into proprietary details, that's the  
13 concept, yes.

14 Q. Does Life Tech need a license of any kind to engage in  
15 that joint venture?

16 A. Well, interesting question. I did answer yesterday that  
17 we are not yet up and running in Colorado, so that's one of  
18 the things that we are legally exploring to make sure that  
19 we're in compliance with the law in Colorado.

20 Q. Sir, I'm not suggesting that you're not in compliance.

21 A. Okay.

22 Q. I'm just suggesting that through this joint venture  
23 mechanism, this is a mechanism whereby Life Tech can utilize  
24 the license of another company in order to make a profit  
25 through products involving marijuana. Is that the idea?

1 A. That's the idea, yes.

2 Q. And didn't PharmaPak have the same idea?

3 A. My understanding is there's many companies that have  
4 this idea.

5 Q. Sir, didn't --

6 A. PharmaPak, yes. PharmaPak did have this idea.

7 Q. Didn't Dr. Ludwig Weimann while he was PharmaPak suggest  
8 this company in Colorado as a joint venture partner for  
9 PharmaPak?

10 A. He did not.

11 Q. Didn't Mr. Ludwig Weimann suggest that Colorado was the  
12 first place to go for this joint venture idea?

13 A. I don't know if he suggested it. It was an obvious  
14 choice since it was the first state that legalized marijuana  
15 to my understanding.

16 Q. One moment, sir.

17 A. Sure.

18 MR. KASHANI: I'd like to offer Exhibit 812. It's  
19 stipulated, I believe.

20 THE COURT: 812 is admitted without objection.

21 **(Exhibit 812 received.)**

22 BY MR. KASHANI:

23 Q. Sir, do you recognize Exhibit 812 as an e-mail from  
24 Dr. Ludwig Weimann at PharmaPak to, among other people, Greg  
25 Cullen at PharmaPak?

1 A. Greg Cullen at Harvard Investment Group? Is that what  
2 you're referring to?

3 Q. Greg Cullen.

4 A. Greg Cullen. Okay.

5 Q. So you received this e-mail on or about February 21,  
6 2016?

7 A. I imagine I did.

8 Q. And this e-mail was PharmaPak; right? This is the  
9 PharmaPak time, not the Life Tech time; correct?

10 A. Correct.

11 Q. And in this e-mail doesn't Dr. Ludwig Weimann propose  
12 the sales model for cannabis patches for PharmaPak?

13 A. Can I read it?

14 Q. Yes, sir.

15 A. Thanks.

16 Q. In fact, if you want it in the binder, you can read the  
17 whole thing.

18 A. What exhibit is it?

19 Q. Exhibit 812, sir.

20 A. I don't have 812 here. This only goes to --

21 Q. We will approach and hand you a copy.

22 A. Sure.

23 (Counsel handing the witness a document)

24 THE WITNESS: You said it was --

25 MR. KASHANI: 812.



1 THE WITNESS: 812, okay. I've read it.

2 BY MR. KASHANI:

3 Q. Could you read the part that says: Hi, Olivia. This is  
4 the sales model.

5 A. Hi, Olivia. This is the sales model. Read below  
6 article. What Bruce also envisioned for our cannabis patches  
7 THC, THC, A, CBD, CBM, et cetera, in other states than  
8 California. Full manufacturing, sales, and distribution of  
9 cannabis patches of our formulation will happen in three  
10 states -- Oregon, Colorado, and Long Beach, California, by  
11 the end of March. I have contacted regulatory company to  
12 help us obtain license to manufacture CBD from Department of  
13 Health and Human Services of California.

14 Q. And Dr. Weimann attached an article there pertaining to  
15 Colorado?

16 A. Yes, about edibles, some sort of edibles in Colorado,  
17 yes.

18 Q. Or edibles with marijuana; correct? Do you want to see  
19 the rest of it?

20 A. I'm reading it: I don't know that it states marijuana.  
21 At least I'm not seeing that in the article. Does it say  
22 marijuana?

23 Q. Let me see if I can enlarge it. DB3, which produces a  
24 line of edibles called Zoots -- I'll read another section.

25 Do you see the fourth paragraph that says Zoots,

1 Z-o-o-t-s, products will be available at two medical and  
2 recreational cannabis retailers in Denver?

3 A. I was looking for the word marijuana. I do see  
4 cannabis, yeah.

5 Q. So this is the idea you were talking about? You  
6 associate with a dispensary that has a license?

7 A. Not that we associate with a dispensary. We associate  
8 with an entity in the state that has a license. I don't know  
9 that dispensaries necessarily have licenses, but find  
10 somebody who does have a license. Is that something -- are  
11 you asking is that something PharmaPak was discussing at the  
12 time?

13 Q. Yes, sir.

14 A. Yes, it was.

15 Q. Could you also look at Exhibit 769-57 for  
16 identification. You can look in the book or I can put it on  
17 the screen.

18 A. 769?

19 Q. Yeah, 769-57. And I'm sorry for the numbering, sir.  
20 It's not the best.

21 A. Your book goes from 81 to 770. I don't have 769.

22 Q. Perhaps we can assist you.

23 A. Sure. Oh, tab 57? Okay. So...

24 Q. Sir, do you recognize Exhibit 769-57?

25 A. If you give me a moment to read it.

1 Q. Sure. And I'm interested primarily in the center  
2 section.

3 A. The center section. Okay.

4 MR. MARKHAM: Your Honor, I have the same objection  
5 to this document. Hearsay.

6 THE COURT: Response?

7 MR. KASHANI: Well, this is an e-mail that was sent  
8 to the witness. It's not offered for the truth. It's just  
9 offered for the fact that there was a discussion about this  
10 issue.

11 THE COURT: All right. Are you offering this  
12 exhibit?

13 MR. KASHANI: I don't have the right one on the  
14 screen. Let me put the right one there. I'm sorry, Your  
15 Honor.

16 This is what's being offered, and we're only  
17 interested in the part that I've expanded here.

18 MR. MARKHAM: Your Honor, if it's not being offered  
19 for the hearsay purpose, offered for the truth, I have no  
20 objection.

21 THE COURT: Is that for the full article or what's  
22 displayed on the screen?

23 MR. MARKHAM: What's displayed on the screen.

24 THE COURT: Response?

25 MR. KASHANI: That's fine. That's all I want is

1 what's on the screen.

2 THE COURT: All right. Counsel will take it  
3 amongst themselves to assure that only the redacted portion  
4 is provided to the jury; correct?

5 MR. KASHANI: Yes, Your Honor.

6 THE COURT: Correct?

7 MR. MARKHAM: Yes, Your Honor.

8 THE COURT: All right. Exhibit 769-57 is admitted  
9 in redacted form.

10 MR. MARKHAM: And for a limited purpose and not for  
11 the truth, Your Honor.

12 THE COURT: All right.

13 BY MR. KASHANI:

14 Q. Now, sir --

15 THE COURT: Just a moment.

16 Ladies and gentlemen, a portion of this document is  
17 being admitted. It is not being admitted to establish the  
18 truth of any statements that might be in it.

19 **(Exhibit 769-57 received as redacted)**

20 THE COURT: Go ahead.

21 BY MR. KASHANI:

22 Q. Sir, was it -- do you recognize this portion we've shown  
23 as an e-mail from Olivia Karpinski to, among other people,  
24 you, Greg Cullen, at PharmaPak on February 9, 2016?

25 A. I do recognize it, although I would point out that I

1 never used the PharmaPak e-mail address. So anything that  
2 was ever sent to that, I can assure you I never saw or read.

3 Q. I'm not offering it for that purpose, sir.

4 A. Okay. So I did not see this before today. That's not  
5 the e-mail that I use.

6 Q. Do you see that Ms. Karpinski is talking about going --  
7 saying, quote, we need to finish our products and go  
8 dispensary direct or through a distributor one state at a  
9 time? Do you see that?

10 A. I do.

11 Q. And that's what Life Tech is doing; correct?

12 A. Not exactly, no.

13 Q. What's different about what you're doing?

14 A. We are finding local people who are already in business  
15 in these various states, and we're making patches completely  
16 independent of that. They're taking the step to bring them  
17 to the dispensaries in their supply chain -- not supply chain  
18 but their distribution chain.

19 Q. Okay.

20 A. I think that's different than us as a company going  
21 directly. I don't think we have the legal right to do that.

22 Q. Doesn't the e-mail also suggest going through a  
23 distributor?

24 A. Can you put it up again? (Witness reading.) Or through  
25 a distributor. I see that.

1 Q. Do you see that, sir?

2 A. Yes, I do.

3 Q. Okay. Now, back to the private placement memorandum,  
4 we've talked about patents; is that correct, sir?

5 A. Yes. We've had a discussion.

6 Q. We talked about business model?

7 A. Uh-huh.

8 Q. And the other thing Life Tech has is a machine or a  
9 machine design, the patch machine?

10 A. I'm not sure I understand the question. Life Tech  
11 Global has bought machines from Mr. Aydinol's Turkish  
12 company, if that's what you're asking.

13 Q. These machines are called coders; is that correct?

14 A. That is correct.

15 Q. And weren't these the machines that were originally  
16 designed by PharmaPak with Mr. Aydinol's help while he was at  
17 PharmaPak?

18 A. I believe, if my recollection serves, that Mr. Aydinol  
19 came in to PharmaPak at the very end of 2015, perhaps 45 days  
20 before the company fell apart. And I believe there were  
21 discussions. I can't tell you from my knowledge how far  
22 along any of that had taken or how far any of that had  
23 progressed in that 45-day period or so.

24 Q. Sir, I'd like to read from your deposition, page 75,  
25 line 3, through page 76, line 1.

1 A. Okay.

2 Q. I'll just read it:

3 "Question: Is there one machine that can make  
4 patches, or are there two separate --

5 "Answer: One.

6 "Question: -- machines that make patches?

7 "Answer: One.

8 "Question: One machine?

9 "Answer: Correct.

10 "Question: All right. And this is a machine that  
11 was acquired by Life Tech from Imoxin?

12 "Answer: Correct."

13 An aside, sir, Imoxin is a Turkish company?

14 A. Yes.

15 Q. "Question: Who designed the machine?

16 "Answer: I assume the folks in Turkey.

17 "Question: But you don't know?

18 "Answer: I don't.

19 "Question: When was the machine ordered?

20 "Answer: I don't know the answer to that.

21 "Question: Who ordered it?

22 "Answer: My belief is it was ordered during the  
23 PharmaPak time, but I'm not sure of that.

24 "Question: In other words, it was a machine that  
25 was ordered prior to the formation of Life Tech?

1 "Answer: I believe so."

2 So these machines originally ordered by PharmaPak  
3 is what Life Tech is utilizing now?

4 A. As I stated before, Mr. Aydinol joined the company --  
5 and I don't have these records in my memory fresh at this  
6 point, but he joined the company in the latter part of  
7 December, and Mr. Cahill and Mr. Aydinol had discussions.  
8 Where those discussions were in the process when PharmaPak  
9 imploded, I can't tell you. I was not involved in any of  
10 those discussions.

11 Again, I wasn't an officer of PharmaPak. I was a  
12 shareholder.

13 Q. I'd like to show you page 41 of the private placement  
14 memorandum. Now, do you see that your PPM says the  
15 company -- that's Life Tech Global?

16 A. Yes.

17 Q. -- is organized as an LLC. The relationship between the  
18 founders is regulated by the operating agreement of the  
19 company and various other agreements related to the funding  
20 and services provided by the founders or entities controlled  
21 by the founders.

22 Now, sir, do you recall showing us the operating  
23 agreement of Life Tech Global?

24 A. I recall you putting it on the screen, yes.

25 Q. And the operating agreement is a document you showed us



1 that only has you listed as the owner; correct?

2 A. That was correct then and it still remains correct  
3 today.

4 Q. But your PPM refers to various other agreements --

5 A. Yes.

6 Q. -- relating to funding and services with the founders.  
7 Have you shown us those various other agreements?

8 A. Many of those agreements, sir, are oral, as I stated  
9 yesterday. Life Tech Global is a work in process, and this  
10 is subject to change. As I stated specifically, Mr. Scott  
11 came to me and said: If you can repay my loans, I'm not  
12 interested in having any part of Life Tech Global, which  
13 would mean his 16.7 division of profits as stated here which  
14 was originally discussed in the beginning would be zero,  
15 which would make all three of these change.

16 Q. Sir, I'm going to read -- can you read the last sentence  
17 there of your PPM where it says -- well, actually, I'll read  
18 it.

19 Based on the initial agreements between the  
20 founders, the initial division of profits between the  
21 founders or entities controlled by them was as follows:  
22 Bruce Cahill, 50 percent; Ron Franco, 18 percent; Shane  
23 Scott, 16.6 percent; Greg Cullen, 15 percent.

24 Do you see that?

25 A. I do see that, yes.

1 Q. And this is referring to the initial division when the  
2 company was first set up?

3 A. Not when it was first set up but early on.

4 Q. It says initial and founders. Doesn't that mean when  
5 the company was first set up?

6 A. That could be one meaning, but in this case that is not  
7 precisely the meaning.

8 Q. Do you say elsewhere in the PPM that when we say  
9 founders, we actually don't mean founders? We have some  
10 special definition of founders we're using?

11 A. I've made that clear to everybody who has expressed a  
12 genuine interest in the company and has gone beyond  
13 initial -- an initial tape-recorded conversation for which I  
14 wasn't aware. But before anybody invests, none of this will  
15 be -- none of this will be generalities. It will be very  
16 specific and they'll see everything related to this.

17 Q. Sir, your private placement memorandum --

18 MR. KASHANI: May I approach the witness?

19 THE WITNESS: Sure. Well, sorry.

20 MR. MARKHAM: That's not for you.

21 THE COURT: Yes, you may. And you may walk in the  
22 well if you wish.

23 (Counsel handing the witness a document)

24 THE WITNESS: Thank you.

25

1 BY MR. KASHANI:

2 Q. Now, sir, this private placement memorandum seems to be  
3 about 50 pages; is that right?

4 A. Yes.

5 Q. And of those, it looks like 10 or 15 pages are legal  
6 statements. Do you see that at the beginning?

7 A. I do.

8 Q. You've got legal statements for every state in the  
9 country?

10 A. Yes.

11 Q. So, sir, this is a legal document. It's not just  
12 introduction, vague statements; is it, sir?

13 A. Correct.

14 Q. Now, in this legal document, the private placement  
15 memorandum, do you not say that the company, Life Tech  
16 Global, has been in operation for three years?

17 A. I don't recall if it specifically says that. Do you  
18 want to show me the reference?

19 Q. I'll try.

20 A. Again, I want to state that I authored this without the  
21 overview of my very capable attorney, so there may be some  
22 factual errors to some degree or another. But let's look at  
23 them.

24 By the way, I don't think this is a factual error.  
25 This is a clear statement of what the initial division of

1 profits was.

2 MR. KASHANI: Your Honor, I don't know where we are  
3 on the status of the break. This is actually my last  
4 question for this witness, but I just had a problem with the  
5 equipment and pulling up the page.

6 THE COURT: We can't break earlier than six minutes  
7 from now.

8 MR. KASHANI: That's fine, Your Honor. I'll get it  
9 up.

10 BY MR. KASHANI:

11 Q. Sir, I'll just ask the question. Do you recall a  
12 statement in the private placement memorandum that the  
13 company has been in business for three years?

14 A. Again, I'd like to see the reference. I don't believe  
15 that I made that statement. I believe I made a statement  
16 something to the effect that there was a predecessor company.  
17 I do recall that.

18 Q. And the predecessor company was PharmaPak?

19 A. Yes. I don't believe that I would have put in there  
20 that this company has been in business for three years  
21 because it has not.

22 Q. Well, the combination -- actually I think I'll just ask  
23 the question. The combination of PharmaPak and Life Tech,  
24 that's where you get the three years?

25 MR. MARKHAM: Objection to where he gets the three

1 years. He said he didn't get the three years.

2 THE COURT: Sustained.

3 BY MR. KASHANI:

4 Q. Is it the combination of the time period of PharmaPak  
5 and Life Tech that adds up to three years?

6 A. I'm not sure of the question you're asking. Are you  
7 saying if I take the start date of PharmaPak and run it  
8 through today, does that equal three years? Is that your  
9 question?

10 Q. I'm just wondering how you came up with the three years.

11 MR. MARKHAM: Objection, Your Honor. Same  
12 objection. He said he didn't come up with --

13 THE COURT: Sustained.

14 MR. KASHANI: If I may, Your Honor, and I apologize  
15 for this delay. I've had a computer problem here.

16 (Pause in the proceedings)

17 THE COURT: All right.

18 MR. KASHANI: I understand --

19 THE COURT: Now we're close. You see, on these  
20 Friday sessions I just don't like any of them going too long.  
21 I think we can break now and come back at noon. Then we'll  
22 go for another hour and a half and we'll be done.

23 So we'll break now. Remember, keep an open mind.  
24 Don't discuss the case. Don't do any research on the case.  
25 We'll see you at noon.

1 Thank you.

2 THE CLERK: All rise.

3 (Open court - jury not present)

4 THE COURT: Okay. Are we ready?

5 MR. MARKHAM: Yes, Your Honor.

6 THE COURT: Ready to leave? What are we --

7 MR. MARKHAM: I would like to make a very brief  
8 offer of proof on that tape if this is a good time.

9 THE COURT: Okay. Yes. Make an offer of proof on  
10 the tape.

11 MR. MARKHAM: So the tape recording is a tape  
12 recording between Mr. Scott and Mr. Asvadi. It directly  
13 refutes his major points. It renders them a lie.

14 We did not know Mr. Asvadi was coming as a witness  
15 because they told us, the defense did, that he was overseas.  
16 They said: We're going to use his deposition. They told us  
17 several days before trial or even during trial he was coming.

18 THE COURT: When did you find out he was going to  
19 be a witness?

20 MR. MARKHAM: The day before yesterday or  
21 yesterday?

22 MR. KASHANI: When did I find out?

23 MR. MARKHAM: No. When did I find out?

24 MR. KASHANI: I think it was yesterday. That's  
25 when I knew he was coming in -- because I thought he wouldn't

1       come in.

2               THE COURT: Now, so there is a wrinkle here now.  
3       He is your witness; correct?

4               MR. KASHANI: Yes.

5               THE COURT: Out of courtesy you allowed him to be  
6       called out of order; yes?

7               MR. MARKHAM: I did.

8               THE COURT: All right. So I have a little  
9       difficulty with you saying they didn't provide you with the  
10      document in enough time, et cetera. If they were expecting  
11      this witness next week, I think based on your own trial  
12      strategy, which I have found acceptable because you had some  
13      pretty true and powerful impeachment, they might not want to  
14      have given it to you over the weekend.

15              So now that they've put him on early as an  
16      accommodation to you, it seems a little troublesome that  
17      you're complaining they did not review the impeachment  
18      evidence with you quick enough. What about that?

19              MR. KASHANI: Let's go over -- if I can go over the  
20      sequence to the best of my recollection. I informed when I  
21      knew my colleague that Mr. Asvadi would testify live as  
22      opposed to deposition either yesterday or the day before.

23              MR. MARKHAM: Yesterday, now that you tell me.

24              MR. KASHANI: Okay. And that was the same time we  
25      were having discussion of audio, and that's the same time I

1 sent my complete audio over to my colleague for his review.

2 THE COURT: The day before the witness was on the  
3 stand?

4 MR. KASHANI: Correct.

5 THE COURT: Partly because it was impeachment  
6 evidence?

7 MR. KASHANI: Yes, Your Honor.

8 MR. MARKHAM: No, Your Honor. He sent it -- we  
9 received this last night at 8:45 at night. There's very  
10 little time to review it, certainly no time to do what  
11 Mr. Kashani proposes to do with our tape, which is get it to  
12 an expert to see if it's been doctored.

13 MR. KASHANI: No. No. That's not --

14 MR. MARKHAM: We got it at 8:15 last night. That's  
15 the first time we looked at the tape.

16 MR. KASHANI: As I told my colleague, the --  
17 there's a technical issue of getting the tape. We had a long  
18 discussion of it being sent over by e-mail and the size of  
19 the file and so forth. I attempted before. But it is true  
20 that after a phone conversation and being referred to a  
21 different account that could handle the size of the file, he  
22 did get it at that time, at 8:00.

23 MR. MARKHAM: Your Honor, he --

24 MR. KASHANI: But it's not from lack of --

25 THE COURT: No. Hold on. You can't talk over each



1 other.

2 MR. MARKHAM: He only tried --

3 MR. KASHANI: Be that as it may, it is correct what  
4 my colleague says, that he received the tape after 8:00 last  
5 night. That is true. It is also true that Mr. Asvadi was  
6 disclosed as a live witness as opposed to by deposition  
7 yesterday. I don't remember if that was during the day or  
8 during the evening. So these are true facts.

9 So my only point is the issue of audio was being  
10 discussed last night. Audio was going back and forth. If  
11 they had another audio that they wanted to use against a  
12 witness they knew was coming, it seems to me that the proper  
13 method was to tell me that you've got an audio and we've got  
14 an audio, too. How can we arrange to some arrangement, some  
15 mutual stipulation or something to let this audio in? That's  
16 the procedure.

17 What I don't like is the procedure of they know  
18 I'm bringing audio and they know I'm bringing a witness.  
19 Audio is being discussed, and they don't tell me until after  
20 the witness testifies and they bring it up first in front of  
21 the jury that they've got an audio to impeach this witness.  
22 I don't think that's the right procedure.

23 I was very careful yesterday not to mention  
24 impeachment audio until the jury was out. That's my biggest  
25 concern of just the method, how they handled this.

1 THE COURT: What is the present status of the  
2 witness?

3 MR. KASHANI: I think he's on his way to Palm  
4 Springs. That's what he said.

5 MR. MARKHAM: If I could be heard, I can --

6 THE COURT: You can be heard when I finish  
7 speaking, counsel.

8 MR. MARKHAM: Of course.

9 THE COURT: How long will he be in Palm Springs?

10 MR. KASHANI: That I don't know. Just going off  
11 memory of what he said his schedule was, he said: I'm going  
12 to Palm Springs. I just do not remember. I do not know. I  
13 don't know.

14 THE COURT: All right. Is he under subpoena?

15 MR. MARKHAM: No, because we didn't think he was  
16 going to be here until yesterday. I do have a proposal,  
17 however, that might obviate his travel.

18 THE COURT: All right.

19 MR. MARKHAM: If Mr. Scott, who we might recall in  
20 rebuttal and offer that tape as impeachment as we would be  
21 allowed to do because this is their case, if Mr. Scott could  
22 retake the stand, authenticate the tape -- he listened to it  
23 last night. He has listened to it two times before at my  
24 instruction -- he will say that he's listened to it and it is  
25 a fair and accurate depiction of the conversation with

1 Mr. Asvadi --

2 THE COURT: Hold on. Now I'm interrupting you.  
3 Forgive me. Was he present in the conversation?

4 MR. MARKHAM: Oh, yes.

5 THE COURT: Oh.

6 MR. MARKHAM: Yes.

7 THE COURT: I think your solution is wonderful. So  
8 we can do that at the beginning of next week.

9 MR. MARKHAM: All right.

10 THE COURT: Any response -- assuming you have no  
11 objection. And again, I'm concerned not only about  
12 foundation, but I don't know what's said in the middle of it.  
13 You know, he might say Donald Trump is the world's greatest  
14 president and someone may or may not like that. Or he may  
15 say the worst president and someone may or may not like that.  
16 Or he may make a hearsay statement which might or might not  
17 be acceptable.

18 So it's not just the foundational issue. So what  
19 you need to do is simply give Mr. Kashani the tape and  
20 Mr. Kashani will tell us what he thinks. Do you have it  
21 transcribed at all?

22 MR. MARKHAM: We do not, but we have sent it to  
23 him. Ms. Zerner is outside sending it now. He will have it,  
24 and he will have three days to review it all. If there's any  
25 part that he objects to, he can bring it to the Court's

1 attention and we can hash it out.

2 THE COURT: Okay. That's what you need to do over  
3 the weekend.

4 MR. KASHANI: If I may just state my further  
5 objection. The problem is this is being used for  
6 impeachment, not as affirmative evidence. The witness is off  
7 the stand. You know, if my colleague had brought up these  
8 other facts that he considers important while the witness was  
9 still here, then we'd have a better situation because then  
10 the witness can respond to what's on the tape and explain.

11 THE COURT: I think it was fair for Mr. Markham to  
12 consider that the witness would be coming next week as part  
13 of your case.

14 MR. KASHANI: That is true.

15 THE COURT: And so if you want your witness to  
16 answer it, he is your witness and you can bring him in next  
17 week.

18 MR. KASHANI: Let --

19 THE COURT: We need to assume -- we need to decide  
20 first what's coming in.

21 So, get it to him right away.

22 MR. MARKHAM: Yes, Your Honor.

23 THE COURT: Please be courteous to me to give me as  
24 much lead time if I need to make rulings on it. If I have to  
25 sit down and listen to 20 minutes, it's going to be charged

1 to someone. So you want to be as efficient as possible in  
2 that.

3 So to be clear, you have provided the transcript  
4 to --

5 MR. MARKHAM: The tape.

6 THE COURT: The tape, yes. You provided the tape  
7 to Mr. Kashani. Mr. Kashani will read it and let you know  
8 what objections he may have.

9 It is anticipated that you will call who to  
10 authenticate it?

11 MR. MARKHAM: Mr. Scott, who was the other  
12 participant throughout the phone call.

13 THE COURT: All right. Then Mr. Kashani can make  
14 whatever objections he wishes to whatever portion he wishes.

15 Do you want the full 20 minutes?

16 MR. MARKHAM: I'm not sure. What we're going to do  
17 now is we're going to go and find somewhere to get it  
18 transcribed so Your Honor can have that and Mr. Kashani --

19 THE COURT: All right. So that's how we'll proceed  
20 on that. Thank you.

21 Anything else?

22 MR. MARKHAM: No, Your Honor.

23 MR. KASHANI: Can I just inquire: Is the full tape  
24 20 minutes or just what you want to play is 20 minutes?

25 MR. MARKHAM: I can't time it. We'll get it to

1     you.

2                 THE COURT: It's a fair question. You said  
3     20 minutes. Were you anticipating that to be the relevant  
4     part you wanted to play or the entire tape?

5                 MR. MARKHAM: Yes. I think the whole thing is  
6     slightly over 30 minutes. We'll have a transcription of all  
7     of it and we'll play the parts that we think are pertinent.

8                 Obviously he can play whatever he wants if he does.  
9     I doubt he will, but...

10                THE COURT: There you have it.

11                Anything else, Mr. Kashani?

12                MR. KASHANI: I'll wait for the tape.

13                THE COURT: Okay. And then we'll see you -- now  
14     we'll see you at 12:05. Okay?

15                MR. KASHANI: Thank you.

16                THE COURT: And we're off the record now.

17                (Recess from 11:52 a.m. to 12:10 p.m.)

18                THE CLERK: All rise.

19                (Open court - jury present)

20                THE COURT: Welcome back, everyone. I'm sorry we  
21     were a little delayed. We had some witness and evidence  
22     issues to deal with.

23     BY MR. KASHANI:

24     Q. Mr. Cullen, do you recall that two specific issues were  
25     raised regarding Mr. Cahill in the, let's say, spring of

1 2016, and one issue was that Mr. Cahill was taking a salary  
2 from PharmaPak?

3 A. That issue was raised for the first time in my presence  
4 at a meeting on January 19th at the Pelican Hills Country  
5 Club, which would put it in the -- I don't think it's the  
6 spring. I think it's the winter technically.

7 Q. Sir, was another issue raised that an allegation was  
8 made that Mr. Cahill was paying rental payments to a company  
9 controlled by himself?

10 A. There was a question about -- I don't recall there being  
11 a question raised at that meeting about the rent, but there  
12 could have been. In fact, maybe there was.

13 Q. And to set the stage, the allegation or the question was  
14 raised from the financials that money was going to an entity  
15 called Kira Investments? That's K-i-r-a.

16 A. Yes.

17 Q. And Kira Investments is a company controlled by  
18 Mr. Bruce Cahill?

19 A. I would suggest you ask him. I can't definitively  
20 answer that.

21 Q. I didn't want to ask this, but Kira is the name of  
22 Mr. Cahill's daughter?

23 A. It is, and I have assumed there's some sort of  
24 connection. I imagine there is, but I don't know what it is.

25 Q. Now, in response to these questions, did you provide to

1 Mr. Asvadi a copy of the lease between PharmaPak, Inc., and  
2 Kira Investments?

3 A. Yes. He asked -- somebody asked me for a copy of the  
4 lease, and I believe I gave it to Mr. Asvadi.

5 Q. Could you look in maybe the first book at Exhibit 74 for  
6 identification.

7 A. Okay.

8 Q. Is Exhibit 74 the copy of the lease between PharmaPak,  
9 Inc., and Kira Investments that you provided in response to  
10 an inquiry from a shareholder?

11 A. This exhibit is from Olivia to Bruce. It says: Hi,  
12 Bruce. Great working today.

13 Q. Is that 74? Are we on the same page, Exhibit 74?

14 A. It says 74.

15 Q. That may be 769-74. Sorry, sir. We have a peculiar  
16 numbering system for which I take the blame and apologize.

17 A. What am I looking for?

18 Q. Exhibit 74. It would be an entirely different book.  
19 Can we come and hand it up to you?

20 A. That would be helpful.

21 MR. KASHANI: With the Court's permission.

22 THE COURT: Yes.

23 (Counsel handing the witness a document)

24 THE WITNESS: Exhibit 74?

25 BY MR. KASHANI:



1 Q. Yes. You can disregard the cover page.

2 A. Okay. Yes. Okay. Yes, I see the lease.

3 Q. Now, is Exhibit 74 a copy of the lease between PharmaPak  
4 and Kira Investments that you provided to an investor in  
5 response to an inquiry?

6 A. I hate to say this, but I almost need reading glasses to  
7 read this. It's so small. Sorry.

8 Q. Let me rephrase it more generally. Is Exhibit 74 the  
9 copy of the lease that you provided to an investor in  
10 PharmaPak in response to a question as to why is money going  
11 to Kira Investments?

12 A. Yes. I believe I gave this to Amir and perhaps other  
13 people as well -- Mr. Asvadi.

14 Q. So Mr. Asvadi asked: Why is money going to Kira  
15 Investments? And you responded: There's a lease with Kira  
16 Investments. Here is the lease, Exhibit 74?

17 A. He asked for a copy of the lease. I don't remember the  
18 specific discussion, but he did want to see a copy of the  
19 lease.

20 Q. And was there money going from PharmaPak, Inc., to Kira  
21 Investments as reflected in the financials that you reviewed  
22 so carefully?

23 A. My recollection is, yes, PharmaPak, which was occupying  
24 that space, was making rental payments, which I deemed to be  
25 appropriate and proper.

1 Q. Okay. But the rental payments were to a company  
2 controlled by Mr. Cahill; correct?

3 A. Again, I'm not sure Kira Investments -- his daughter's  
4 name is Kira. That I do know. I don't know if she owns it  
5 completely. I don't know that.

6 MR. KASHANI: I'd like to offer Exhibit 74.

7 MR. MARKHAM: No objection.

8 THE COURT: 74 is admitted without objection.

9 **(Exhibit 74 received.)**

10 BY MR. KASHANI:

11 Q. Do you see on your screen the first page of the lease?

12 A. I do see it.

13 Q. And I'd like to show you the seventh page of the lease  
14 with the signatures. Do you see that, sir?

15 A. I do see that.

16 Q. And when you provided the copy of the lease to  
17 Mr. Asvadi, it had these signatures on it as we see right in  
18 front of us?

19 A. I didn't spend a lot of time looking at the signatures.  
20 I recall it being signed by two parties.

21 Q. I mean, this document hasn't been altered by anyone  
22 since you gave it to Mr. Asvadi?

23 A. I assume not. It -- I -- you're asking me do I remember  
24 a year and a half ago if this is the exact signatures that I  
25 saw. I remember there being -- I remember -- let me say

1 this. I remember being asked about the lease. I remember  
2 seeing and supplying a signed lease. I didn't try to  
3 authenticate any signatures. I didn't pay much attention.

4 Q. But this document, Exhibit 74, is what you provided to  
5 Amir?

6 A. I believe it is.

7 Q. All right. Thank you, sir.

8 MR. KASHANI: No further questions.

9 MR. MARKHAM: May I confer with counsel just one  
10 moment, Your Honor?

11 (Pause in the proceedings)

12 **REDIRECT EXAMINATION**

13 BY MR. MARKHAM:

14 Q. Mr. Cullen, you looked at the financial records of the  
15 company in some detail; correct?

16 A. I did, yes.

17 Q. And can I ask you to turn to Exhibit 13, which we'll put  
18 up on the board. You can look at it in your book if you have  
19 it. Exhibit 13, and it would be page PL387 of Exhibit 13.

20 A. I don't have 13 here.

21 Q. Do you have 13?

22 A. I do not.

23 MR. MARKHAM: May I approach to give it to him in  
24 hard copy?

25 THE COURT: Yes, you may.

1 (Counsel handing a document to the witness)

2 BY MR. MARKHAM:

3 Q. It will be up on the screen, but take a look at that and  
4 the page to which I referred you.

5 A. Got it.

6 Q. We went over this entire exhibit which has many pages;  
7 correct?

8 A. Yes.

9 Q. And this is the exhibit which shows all the money that  
10 PharmaPak received, all that it spent, what it spent it on,  
11 and the backup checks to prove that it had been spent;  
12 correct?

13 A. Correct.

14 Q. And you looked at all of that; right?

15 A. I did in pretty good detail a year and a half ago.

16 Q. Okay. And can you -- did you get the page that I told  
17 you to refer to?

18 A. I'm on the first page. Is that the one you want me to  
19 look at?

20 Q. Take a look at PL388.

21 A. 388?

22 Q. Yes.

23 A. Okay. 388, yes.

24 MR. MARKHAM: Can you put that up on the board?

25 Put the whole thing up if I can -- if you can.

1 BY MR. MARKHAM:

2 Q. Do you have that in front of you?

3 A. I do.

4 Q. And does that reflect what this statement shows the  
5 available cash of PharmaPak to be as of the very beginning of  
6 April 2016 -- or the end of March? Sorry.

7 A. Period ending, this says -- excuse me. Give me a  
8 second. Yes. After -- as of March 15th, 2016, there was  
9 \$3,000 left in the bank account.

10 Q. Okay. Now, that was about the time that Life Tech  
11 Global purchased the machine from PharmaPak; correct?

12 A. That is correct.

13 Q. And was there enough money in that account to loan Life  
14 Tech Global the \$95,000 that Mr. Kashani was insisting was  
15 loaned?

16 A. Life Tech -- I stated before that in February I alerted  
17 the shareholders that I thought we had a week to go.

18 Q. What do you mean, a week to go?

19 A. We had enough money to last another week, and we  
20 desperately needed cash.

21 Q. Right. Now, you said that to --

22 A. I actually put it in writing and circulated a document  
23 and tried to solicit funds.

24 Q. And you told that to Mr. Kashani?

25 A. Yes.

1 Q. But he kept coming back and asking you: Wasn't there  
2 really a loan? Didn't it loan money? Right?

3 A. Yes.

4 Q. And: Did PharmaPak loan money to Life Tech?

5 A. Yes, he did.

6 Q. Take a look at this asset sheet and tell the jury  
7 whether it could've loaned you money even if it loved you to  
8 death and wanted to loan you money.

9 A. There's only \$3,000 in the bank account.

10 Q. Take a look up that and tell me -- tell the jury when  
11 the last time there was \$95,000 in that bank account.

12 A. Well, my guess without -- \$95,000 in this bank account?  
13 I don't think you can tell from this chart. But if I went  
14 through the transactions and details, I can tell you there  
15 was not \$95,000 in the account in February when I sent out  
16 the document requesting money.

17 Q. So if you had said that you had been transferred money  
18 by PharmaPak at that period of time, if Life Tech Global had  
19 been transferred money, that money didn't exist; correct?

20 A. There was no money. That was a promissory note.  
21 PharmaPak did not give me \$95,000. It was a seller carryback  
22 or, you know, like a loan you might get on your car.

23 Q. All right. So if you had said it had, that would have  
24 been a lie because it couldn't have happened; correct?

25 A. It did not have money.

1 Q. Now, how much of the loan has Life Tech Global paid to  
2 PharmaPak? And by loan, I mean purchase price; correct?

3 A. Correct.

4 Q. You purchased the -- Life Tech purchased the machinery  
5 for \$100,000; right?

6 A. Correct.

7 Q. What did it pay as a down payment?

8 A. Initially there was a thousand-dollar down payment, and  
9 there was another \$4,000 payment due once the machine was  
10 delivered. So that was \$5,000.

11 Q. Okay. And how much has Life Tech paid since either to  
12 PharmaPak or to pay off PharmaPak debts which are required to  
13 be paid because it's money owed to creditors?

14 A. My last recollection is that there may be six or seven  
15 thousand dollars owed still to PharmaPak or to expenses  
16 related to the loan agreement related to PharmaPak.

17 Q. Did you think it was important to pay off the creditors'  
18 debts?

19 A. Well, there's a lot of legal problems if you don't pay  
20 off creditors. Yes, I thought it was very important.

21 Q. All right.

22 A. I was requested to find a way to try to do that as a  
23 shareholder, and that's what I was attempting to do.

24 Q. All right. Do you have book 234 in front of you?

25 A. Book 234?

1 Q. I'm sorry. Exhibit 234. Exhibit 234.

2 THE COURT: That should be in book one of six.

3 MR. MARKHAM: Yes. It's through --

4 THE WITNESS: I don't see 234 here.

5 THE COURT: What book is that?

6 THE WITNESS: This one says --

7 THE COURT: Can you come forward and help.

8 THE WITNESS: This one says binder one. What  
9 exhibit, please?

10 MR. MARKHAM: May I approach the witness?

11 THE COURT: If you're saying something, I'm not  
12 hearing it.

13 MR. MARKHAM: May I approach the witness to give --

14 THE COURT: Yes, you may.

15 MR. MARKHAM: All right. Thank you, Your Honor.

16 Your Honor, at this time I'm offering into evidence  
17 Exhibits 234 through 245.

18 THE COURT: All right. Now, you say 234. Are you  
19 saying 234 and not 231?

20 MR. MARKHAM: Hold on.

21 THE COURT: Or for that matter 228?

22 MR. MARKHAM: Yes. 228, 230, 231 --

23 THE COURT: Okay. Just a moment, then. The way we  
24 keep track of our exhibits, it's good if you can give a  
25 range. If they're individual, you have to do individual.



1 It's helpful to give a range because we record them all down.  
2 So it sounds like 228 but not 229. So we've got 228, and  
3 then we're going to?

4 MR. MARKHAM: 229.

5 THE COURT: We are going to 229?

6 MR. MARKHAM: We are going to 229.

7 THE COURT: And then what after that?

8 MR. MARKHAM: 230.

9 THE COURT: Well, then, give me the range.

10 MR. MARKHAM: Okay -- 228 through 248.

11 THE COURT: Good. See, ranges are very helpful.  
12 Now, we discussed that this morning I think before the jury  
13 arrived; right?

14 MR. MARKHAM: Yes, Your Honor. We did.

15 THE COURT: All right. And you submitted  
16 objection, and the objection I think is overruled. So that's  
17 where we're at.

18 **(Exhibits 228-248 received.)**

19 MR. KASHANI: I just don't remember.

20 THE COURT: On the liens?

21 MR. KASHANI: The question of mini trial.

22 THE COURT: Hold on. I thought we took care of  
23 this.

24 MR. MARKHAM: We did.

25 THE COURT: Perhaps I'm wrong.

1 MR. KASHANI: And then --

2 THE COURT: All right. Perhaps I'm wrong. Just a  
3 moment. One at a time. You're moving these liens which you  
4 say are certified.

5 You said, Mr. Kashani, you have no objection on  
6 foundation, but. And --

7 MR. KASHANI: I remember --

8 THE COURT: -- perhaps the fault is mine because I  
9 led you one way and then did a U-turn on you, sort of. Are  
10 you with me?

11 MR. KASHANI: I am now.

12 THE COURT: I apologize for the U-turn. They're  
13 admitted.

14 MR. MARKHAM: Very well.

15 MR. KASHANI: I know what he's talking about.

16 THE COURT: Yeah. So that for the record is  
17 through 240.

18 MR. MARKHAM: All right.

19 THE COURT: Go ahead.

20 BY MR. MARKHAM:

21 Q. The first one of these is a lien, a notice of federal  
22 tax lien filed against SciLab Pharmaceuticals in the amount  
23 of \$66,595.61.

24 MR. KASHANI: Sir, you read it wrong. That's not  
25 the same company. Wrong company. And I have an objection in

1 that I don't have all these exhibits in my book provided by  
2 defendants.

3 MR. MARKHAM: Your Honor, those were provided to  
4 him.

5 THE COURT: Hold on. That doesn't respond to the  
6 question. Are they in his book under tabs for each of these  
7 numbers?

8 MR. MARKHAM: Yes. They should be.

9 MR. KASHANI: If I may approach my colleague?

10 THE COURT: Yes.

11 (Counsel conferring)

12 THE COURT: Just a moment. Now, are they lacking  
13 in his book?

14 MR. MARKHAM: He says they're lacking in his book.  
15 I haven't looked at his book.

16 MR. KASHANI: But not all of them. Some of them.

17 THE COURT: Here's my point. Maybe my book is  
18 complete and I could lend it to him.

19 MR. MARKHAM: You can borrow his book.

20 MR. KASHANI: Sure. Or you can give them to me if  
21 they're in your book.

22 (Counsel conferring)

23 THE COURT: Hold on. Hold on. This talking among  
24 yourselves I'm not sure is getting reported.

25 Mr. Kashani, can you tell me a tab that is missing

1 in your book?

2 MR. KASHANI: For example, I don't have --

3 THE COURT: Just a moment. For example, he does  
4 not have 229. I don't either, so I can't help. All right.

5 MR. MARKHAM: We'll skip 229 and we'll withdraw it.  
6 We'll go to -- if we may, we'll go to -- we'll start with  
7 231. Do you have that?

8 MR. KASHANI: Yes.

9 MR. MARKHAM: Okay. That is a certified copy of a  
10 notice of state tax lien filed against SciLabs  
11 Nutraceuticals, Inc., in the amount of \$13,541.68.

12 We'll next go to 232. Do you have that?

13 MR. KASHANI: Yes.

14 MR. MARKHAM: That is a notice of state tax lien  
15 filed against SciLabs Global Holdings, Inc., \$32,096.18.

16 The next one is Exhibit 233, which is a notice of  
17 state tax lien against SciLabs Nutraceuticals, Inc., in the  
18 amount of \$14,444.21.

19 MR. KASHANI: Your Honor, I'm starting also to have  
20 a relevance objection. I don't recognize any of these  
21 companies.

22 THE COURT: I believe this morning that was your  
23 objection. Well, actually it was 403. You're having a  
24 relevance objection. All right.

25 MR. KASHANI: My objection is a little different

1 now, looking at these, because I don't recognize these  
2 companies.

3 THE COURT: Explain your relevance objection.

4 MR. KASHANI: I don't recognize any of these  
5 companies as having been mentioned in this case. I don't  
6 know what SciLabs Global Holdings is. I don't know what  
7 SciLabs Nutraceuticals is.

8 I just don't know if these are attached to have any  
9 attachments to any of the companies that have come up in this  
10 case.

11 MR. MARKHAM: SciLabs Nutraceuticals, Inc., is a  
12 derivation of SciLabs Nutraceuticals, which is the company  
13 that was shut down by the FDA that Mr. Edalat operated just  
14 up until the time that he got involved with PharmaPak and  
15 Mr. Cahill.

16 THE COURT: All right. That objection then will be  
17 overruled.

18 MR. MARKHAM: All right.

19 THE COURT: If you have others, let us know.

20 Continue.

21 MR. MARKHAM: So 238 is another notice of tax  
22 lien -- 238. And it's against SciLabs Nutraceuticals, Inc.  
23 It's a tax lien in the amount of \$9,314.

24 There is an another tax lien against SciLabs  
25 Pharmaceuticals which is Exhibit 239, which is a notice of

1 tax lien in the amount of \$6,451.

2 There is another -- it's Exhibit 240. It is a  
3 notice of state tax lien against SciLabs Nutraceuticals,  
4 Inc., in the amount of \$4,047.55.

5 BY MR. MARKHAM:

6 Q. Now, Mr. Cullen, were those the very types of debts that  
7 you were determined to pay off with the money that PharmaPak  
8 had left to its -- the tax liens? Did PharmaPak have any tax  
9 liens?

10 A. Not that I saw.

11 Q. Okay. But you were trying to pay off all of PharmaPak's  
12 debts; right?

13 A. That was the intent.

14 Q. When you were talking --

15 A. Well, let me say that was the intent of the purchase and  
16 sale agreement so Bruce would be able to do that, if that's  
17 what you're getting at.

18 Q. Okay. And that money went -- money that Life Tech paid  
19 went to pay off the debts of PharmaPak that had to be paid  
20 off?

21 A. It did pay bills, yes. That was part of it.

22 Q. Okay. And when Paul was riding around with you in a  
23 Rolls Royce and talking about all of his connections in the  
24 Middle East, did he ever mention --

25 THE COURT: Excuse me.

1 MR. MARKHAM: Mr. Edalat.

2 THE COURT: Start the question again and please use  
3 last names.

4 BY MR. MARKHAM:

5 Q. Did Mr. Edalat in any of the times when he was riding  
6 around in a Rolls with you or showing up in a Rolls or a  
7 Ferrari or a Lamborghini with you, talking about his  
8 successes with his companies, did he ever tell you that he  
9 owed the state taxing authorities money and that they had  
10 filed -- that his company owed these taxes and had gotten  
11 liens filed against it and that they were sitting there?

12 A. I was never told that.

13 Q. Would that have made a difference to you?

14 A. Maybe one or -- maybe one would have been explainable,  
15 but this is a very big number of tax liens. That's a huge  
16 red flag.

17 Q. Do people in business ever use property that a company  
18 of theirs -- that they own and lease it to their own company?

19 A. Yes. That's a common business practice.

20 Q. And is it proper for them to do that depending on the  
21 amount of the lease payment made?

22 A. Yes.

23 Q. Did you look to see how much of a lease payment was  
24 being made by PharmaPak to the space that Mr. Cahill was  
25 letting them use and determine whether or not you thought it

1 was a reasonable payment?

2 A. I don't recall the exact number, but it seemed  
3 reasonable for space in Orange County and that type of office  
4 building, yes.

5 Q. Why don't you describe the office building involved that  
6 Mr. Cahill allowed PharmaPak, and Sentar for that reason, to  
7 enter and use.

8 A. It's a two-story, walkup building. It's in good shape.  
9 It was fully furnished with TVs, desks, chairs -- everything  
10 you need to set up an office. The carpet was nice, new. It  
11 had a big balcony.

12 So again, I think the rent might have been 5,000 a  
13 month, which is perfectly acceptable in Orange County in that  
14 type of office space.

15 Q. And your investment was paid into that company in the  
16 late fall and the early winter of 2015, '16?

17 A. Yes.

18 Q. And therefore some of your money was going to pay that  
19 rental; correct?

20 A. My money technically went to Paul, so --

21 Q. Right.

22 THE COURT: Excuse me?

23 THE WITNESS: Mr. Edalat.

24 BY MR. MARKHAM:

25 Q. Let's talk about that. How much money did you pay for



1 PharmaPak stock?

2 MR. KASHANI: I'm going to object to the pronoun  
3 you.

4 THE COURT: Sustained. Objection, vague.  
5 Sustained.

6 BY MR. MARKHAM:

7 Q. How much money did you as the trustee of your living  
8 trust of which you are the beneficiary pay for your PharmaPak  
9 stock?

10 A. \$250,100.

11 Q. The 100, why that?

12 A. That was in payment for -- that was in essence to give  
13 me a larger share of PharmaPak for, let's just call it,  
14 having me being involved in the company, my services.

15 Q. \$100?

16 A. That's not an uncommon practice if you want to have  
17 somebody that has a good stellar reputation be part of your  
18 company. It's often that you give them stock or options.

19 Q. Okay, Harvard. You're worth a hundred dollars?

20 A. No. I had to pay a hundred dollars for additional  
21 percentage of the company.

22 Q. Got it. All right. And how much money did you as  
23 trustee for the trust of which you're the beneficiary lose?

24 A. \$250,100.

25 Q. And that was because there were no contracts that came

1 in?

2 A. There were no contracts.

3 Q. And that was because you didn't have the licenses you  
4 thought you would have?

5 A. That is correct.

6 Q. And you couldn't get any income?

7 A. That is correct.

8 Q. When you went around asking people, the other investors,  
9 if they would all invest each of them \$238,000, each of the  
10 seven; correct -- sorry. Each of the seven were asked to  
11 invest how much more?

12 A. We were trying to collect \$100,000 at the point in time  
13 February 19th when I sent out the letter. That wasn't  
14 designed to solve all the problems. I believe my e-mail said  
15 this is the first step.

16 Q. All right. Did Mr. Edalat ever express to you that he  
17 had to put in his percentage of that so that he could  
18 preserve the model that was so valuable to PharmaPak?

19 A. I was told he was not going to make any additional  
20 contributions.

21 MR. KASHANI: Hearsay.

22 MR. MARKHAM: It's Mr. Edalat.

23 MR. KASHANI: He said I was told.

24 BY MR. MARKHAM:

25 Q. Did Mr. Edalat tell you?

1 THE COURT: Hold on. The hearsay objection has  
2 been made. Clarify, please.

3 BY MR. MARKHAM:

4 Q. Did Mr. Edalat -- first of all, I'll withdraw the  
5 question.

6 Did Mr. Edalat ever send to you his amount of that  
7 money that had been requested?

8 A. No.

9 Q. Okay.

10 THE COURT: All right. Then the objection is  
11 sustained and that answer is stricken.

12 BY MR. MARKHAM:

13 Q. Did he ever --

14 THE COURT: Hold on -- the previous answer. Your  
15 question was -- the answer was he was told. We don't know  
16 who told him.

17 BY MR. MARKHAM:

18 Q. Did you ever learn from Mr. Edalat himself that he was  
19 not going to invest any further?

20 A. I can't be certain of that.

21 Q. Did he ever tell you --

22 THE COURT: Again, I want to emphasize. We've lost  
23 it. I thought you were going to clarify. The hearsay  
24 objection is sustained and that statement about he was told  
25 must be stricken.

1 BY MR. MARKHAM:

2 Q. Did Mr. Edalat ever tell you anything about his interest  
3 in PharmaPak and what he wanted to do with it?

4 A. Yes. At the meeting at the Islands Hotel that we talked  
5 about yesterday, he indicated to all of us present and  
6 Mr. Franco over the phone that he was done with the company,  
7 that he didn't want to be involved with partners like us and  
8 he was walking away and we could take his stock and divide it  
9 up. He actually said that to Mr. Franco.

10 Q. Now, when thereafter -- was it thereafter that you  
11 invited all of the shareholders to pay a little bit more  
12 money in to keep it going for a while?

13 A. It was before that time.

14 Q. Okay. And did you ever get any payment from Mr. Edalat  
15 in response?

16 A. No payment came in.

17 Q. Now, Mr. Kashani asked you a great deal of -- many  
18 questions about the model. Do you recall that?

19 A. Yes.

20 Q. And the model he was talking about was taking a product  
21 and going state by state to gain a franchise or a joint  
22 venture in a state and then moving on; correct?

23 A. Yes.

24 Q. How new a model is that in the United States of America?

25 A. I studied it extensively at Harvard Business School.

1 Q. And that was long before PharmaPak; correct?

2 A. Yes, that was long before PharmaPak.

3 Q. Was there any trade secret at PharmaPak involving the  
4 model that it was using going state to state?

5 A. None.

6 Q. Was there any proprietary information filed about the  
7 model they were using?

8 A. None.

9 Q. Was that model put up on the Internet in their website  
10 that that's what they were doing? Do you recall?

11 A. That I don't recall.

12 Q. Okay. Was any attempt made to protect the model of  
13 going state to state from anybody else?

14 A. There's nothing proprietary about a model like that.

15 Q. Isn't that what Mr. Edalat is doing with the company  
16 AHC --

17 A. I believe --

18 Q. -- in the country of Canada?

19 A. I believe that's what he's doing.

20 MR. KASHANI: Foundation.

21 THE COURT: Hold on. You need to speak up.

22 MR. KASHANI: The foundational objection to what  
23 this gentleman knows about a company in Canada and what  
24 they're doing.

25 THE COURT: It's always helpful if you can speak up

1 before the answer comes in.

2 The objection is sustained. The answer therefore  
3 is stricken.

4 BY MR. MARKHAM:

5 Q. And do you know what Mr. Edalat's model is that he is  
6 using with his Canadian company?

7 A. I have seen public videos on the Internet and other  
8 documents that describe it, yes.

9 Q. All right. Well, then, we'll wait and ask Mr. Edalat  
10 about those videos. We won't ask you.

11 A. Okay.

12 Q. Now, does the Life Tech private placement memorandum  
13 state that you have any contracts that you don't have?

14 A. It does not.

15 Q. Does it state that you have any patent pendings that you  
16 don't have?

17 A. It does not.

18 Q. Does it state that you have any FDA approvals that you  
19 don't have?

20 A. It does not.

21 Q. Does it mention any litigation that you are in?

22 A. It does.

23 Q. What litigation does it mention that you, Greg Cullen,  
24 as CEO and sole shareholder are in?

25 A. This one.

1 Q. Okay. Did you try to hide that?

2 A. We did not.

3 Q. Do you wish that Mr. Edalat had not hidden from you the  
4 litigation he had with the FDA when he was trying to get you  
5 to invest in PharmaPak?

6 A. I wish I had known about it, yes.

7 Q. All right. Now, Mr. Kashani asked you if you were -- if  
8 Sentar was a separate company; correct?

9 A. Yes.

10 Q. It is; correct?

11 A. It is.

12 Q. Was the fact that it was separate and had its own  
13 corporate or structural identity, did that mean it didn't  
14 matter in terms of whether or not you invested in PharmaPak?

15 A. No.

16 Q. And what was it that Mr. Edalat told you about Sentar  
17 that made you more inclined to pay money to him for his  
18 PharmaPak stock?

19 A. Well, as I described, I received additional stock for  
20 my -- I guess my name, services, whatever you want to call  
21 it, by joining PharmaPak. And I had a similar discussion  
22 with Mr. Edalat which was contained in an e-mail about  
23 getting stock and warrants in SciLabs, so that was certainly  
24 an inducing factor. I expected that to happen.

25 But the two companies shared the same offices, and

1 there were a lot of synergies between the two companies. It  
2 was my expectation that given the executives of both  
3 companies were a few feet apart, sharing the same offices, we  
4 would use the same distribution channels. We would use the  
5 same sales force. We would be able to take the new products  
6 from PharmaPak and hopefully enjoy the \$400 million valuation  
7 that SciLabs was claiming, or Sentar.

8 Q. Mr. Edalat told that you that Sentar had existing  
9 contracts in the Middle East, China, Asia, and Eastern  
10 Europe; correct?

11 A. Yes. It was -- yes.

12 Q. And what was the -- what was -- what did he say about  
13 those contracts and their value to PharmaPak if you invested,  
14 by paying him?

15 A. We were discussing selling our products in the same  
16 channels.

17 Q. Did you ever see any such contracts?

18 A. I did not.

19 Q. Did any such -- did people under contract ever ask  
20 PharmaPak to place any orders for them?

21 A. That I don't know. I didn't see any.

22 Q. All right. Did you ever see any money that came from  
23 any such orders?

24 A. I did not.

25 Q. No balance sheets; correct?



1 A. Correct.

2 Q. Not in the -- not in your stock dividends?

3 A. I did not.

4 Q. Were there any stock dividends?

5 A. There were not.

6 Q. Mr. Kashani asked you if you thought that PharmaPak  
7 stock had a value?

8 A. Yeah, I think he asked me that question.

9 Q. When -- as of the time that you opened Life Tech Global,  
10 did PharmaPak stock have a value?

11 A. It had absolutely no value in my opinion.

12 Q. Did you ever backdate any documents in connection with  
13 your work at PharmaPak when you were helping Mr. Cullen  
14 [sic]?

15 A. When I was helping --

16 Q. Sorry. It's been a long week -- when you were helping  
17 Mr. Cahill?

18 A. It's not my practice to backdate documents.

19 Q. All right. Did you -- do you remember doing it?

20 A. I do not.

21 Q. Now, many times Mr. Kashani in his questioning of you  
22 referred to the time that you took assets from PharmaPak.  
23 Remember?

24 A. I do.

25 Q. Did you ever literally take assets from PharmaPak?

1 A. I purchased assets from PharmaPak through Life Tech  
2 Global.

3 Q. And you paid -- what was the ultimate purchase price  
4 received by PharmaPak?

5 A. 100,000.

6 Q. And where could you have gotten a machine?

7 A. I could've bought another one in New Hampshire from Ken  
8 Booth.

9 Q. Why didn't you?

10 A. As a shareholder of PharmaPak, it seemed prudent to try  
11 to help PharmaPak solve its obligations of paying its  
12 creditors as opposed to going back to the shareholders and  
13 asking for money when the company had no future ability to  
14 survive.

15 Q. Okay. Now, did you at any time, do you believe, take  
16 unfair advantage of PharmaPak by offering to sell it or  
17 offering to buy its assets?

18 MR. KASHANI: That calls for speculation and  
19 foundation.

20 MR. MARKHAM: On cross, Your Honor, he asked many  
21 questions about the fairness of this.

22 THE WITNESS: Am I supposed to wait?

23 MR. MARKHAM: Yes.

24 THE COURT: Ask him in his view.  
25

1 BY MR. MARKHAM:

2 Q. In your view, based upon your experience?

3 A. No. I made every intent to overpay for the assets, not  
4 by much but a little bit.

5 Q. Okay. And did you -- were you aware of any other place  
6 that PharmaPak could have gone to sell those assets to take  
7 the money to pay off its creditors?

8 A. I was not.

9 Q. Now, Mr. Kashani asked you a lot of questions about the  
10 way the decision was made to sell the assets of PharmaPak,  
11 about its legality and about the shares, the share ownership  
12 and the number of votes that were cast in favor of taking --  
13 in favor of selling the property of PharmaPak.

14 Was there a consent among a majority of the  
15 shareholders to sell its assets to Life Tech Global?

16 MR. KASHANI: I'm going to object as calling for a  
17 legal conclusion, and best evidence. We've seen the  
18 document. There's a factual stipulation as to the corporate  
19 authorization. He's trying to introduce other material  
20 that's outside the stipulation.

21 THE COURT: Speaking objections are to be avoided.  
22 Ask his understanding.

23 MR. MARKHAM: I'll withdraw the question and ask it  
24 this way if I may.  
25

1 BY MR. MARKHAM:

2 Q. Was there a consent, an agreement between a majority of  
3 the shareholders to sell the assets of PharmaPak --

4 A. Yes.

5 Q. -- at the price you stated to Life Tech Global?

6 MR. KASHANI: Well, I need to get my objection in.  
7 I mean, that's contrary to the factual stipulation. And  
8 foundation.

9 MR. MARKHAM: Excuse me. If he can point out where  
10 in the stipulation that's contrary to --

11 THE COURT: All right. The objection is sustained.  
12 The answer is stricken. I suggested the language you might  
13 use.

14 Next question.

15 BY MR. MARKHAM:

16 Q. Well, did you believe there was consent, an agreement  
17 among the majority of the shareholders to sell the items?

18 A. The majority of shareholders did agree to do that.

19 MR. KASHANI: Your Honor, I ask that the answer be  
20 stricken as nonresponsive.

21 THE COURT: Overruled.

22 BY MR. MARKHAM:

23 Q. Now --

24 THE COURT: Hold it. Wait a minute. You're right.  
25 You're right. He rephrased the question. The answer is

1 stricken.

2 BY MR. MARKHAM:

3 Q. Do you believe that a majority of the shareholders voted  
4 to sell the assets?

5 A. More than 50 percent voted. Is that --

6 Q. We're asking for your belief.

7 THE COURT: Just a moment.

8 MR. KASHANI: Same objection. Move to strike.

9 THE COURT: Same objection. The answer is  
10 stricken. Listen to the question. Don't reframe your  
11 answer.

12 BY MR. MARKHAM:

13 Q. In your view did a majority of the shareholders of  
14 PharmaPak agree to sell its assets to Life Tech Global?

15 A. Yes.

16 Q. In your view did you know of any other place where those  
17 assets could have been sold for as much?

18 A. No.

19 Q. Now, you understand, do you not, that at the end of the  
20 case His Honor is going to explain to the jury the law that  
21 is applicable to this?

22 A. Yes.

23 Q. And --

24 MR. KASHANI: Your Honor, I object to this line of  
25 questioning.

1 THE COURT: Next question.

2 BY MR. MARKHAM:

3 Q. And Mr. Kashani asked you a lot of questions about the  
4 proprietary -- about the proper -- the propriety of what you  
5 had done; correct?

6 A. He did.

7 Q. All right. And did you believe that what you did was  
8 proper?

9 MR. KASHANI: Objection. Asked and answered.

10 THE WITNESS: Yes.

11 THE COURT: Overruled.

12 MR. KASHANI: Your Honor, with the agreement of my  
13 colleague, we have a witness, a handwriting expert who will  
14 testify now out of order that Mr. Markham has agreed that he  
15 could testify at this time.

16 THE COURT: Thank you for your accommodation,  
17 Mr. Markham.

18 You have 35 minutes.

19 MR. KASHANI: Call Phillip Sprague.

20 THE COURT: I think that means you may step down,  
21 sir.

22 Please come forward.

23 **Phillip Sprague, Defendant's witness, sworn**

24 THE CLERK: Thank you. Please be seated.

25 THE COURT: All right. Let me ask -- we do only

1 have 35 minutes. How long will your examination be?

2 MR. KASHANI: Ten minutes. Shorter if we could  
3 stipulate to --

4 THE COURT: Will you have sufficient time to cross?

5 MR. MARKHAM: I will. Thank you, Your Honor, for  
6 asking. I will. And we've also agreed there's another very  
7 quick witness who's going to be on today. So --

8 MR. KASHANI: Will you stipulate to --

9 THE COURT: We'll see about that.

10 Let's proceed.

11 MR. KASHANI: I'm sorry. Will you stipulate to  
12 qualification? I didn't understand.

13 MR. MARKHAM: Just ask the witness.

14 MR. KASHANI: Okay.

15 THE CLERK: Please state and spell your first and  
16 last name.

17 THE WITNESS: Phillip, P-h-i-l-l-i-p, Sprague,  
18 S-p-r-a-g-u-e.

19 THE CLERK: Thank you.

20 **DIRECT EXAMINATION**

21 BY MR. KASHANI:

22 Q. Mr. Sprague, how long were you engaged in the work of  
23 handwriting analysis?

24 A. When I was with the Dallas Police Department, I went to  
25 a school for investigators and a day was allotted for

1 question document examination. I did question document  
2 examination while I was with the police department and then  
3 while I was a special investigator for the Dallas County  
4 district attorney's office.

5 Q. For how many years?

6 THE COURT: May I say, I don't see his name on your  
7 witness list.

8 Were you aware of this witness?

9 MR. MARKHAM: I'm not objecting to it. I don't  
10 think it's on the list.

11 THE COURT: Does anyone on the jury recognize this  
12 gentleman?

13 Okay. None. Go ahead.

14 BY MR. KASHANI:

15 Q. Mr. Sprague, how many years did you serve in that  
16 capacity with the Dallas police and the Dallas County sheriff  
17 and the Dallas DA?

18 A. I was with the Dallas Police Department from 1966 until  
19 1973. I was with the Dallas County district attorney's  
20 office as a special investigator from 1973 to 1977.

21 MR. KASHANI: I'd like to offer Mr. Sprague as an  
22 expert on handwriting analysis.

23 THE COURT: Any objection?

24 MR. MARKHAM: Your Honor, I've got no objection.

25 THE COURT: All right. The ruling of the Court



1 will be that this man may offer opinion testimony.

2 Go ahead.

3 MR. MARKHAM: Could the counsel give me the report  
4 number, Your Honor, the exhibit number for his report?

5 MR. KASHANI: His report is Exhibit 575. It's a  
6 stipulated exhibit.

7 MR. MARKHAM: Thank you.

8 BY MR. KASHANI:

9 Q. Sir, were you asked to analyze the signatures on a  
10 document that we have referred to here as Exhibit 74, which  
11 is a property lease with Kira Investments?

12 Do you recall that document?

13 A. Yes.

14 Q. Could you look on your screen. Is that the lease you  
15 were given?

16 A. Yes.

17 Q. I show you the last page with the signatures. Are these  
18 the signatures that you were asked to analyze?

19 A. Yes.

20 Q. The top signature says Paul Edalat. Do you see that?

21 A. Yes.

22 Q. And was it your understanding that the lower signature  
23 is Bruce Cahill?

24 A. Yes.

25 Q. Were you given authentic exemplars, samples of the

1 signatures of Mr. Cahill and Mr. Edalat?

2 A. This document was e-mailed to me, and I was given  
3 some --

4 THE COURT: All right. Just to cut the time, the  
5 question was about exemplars. The witness said this  
6 document. I believe he's referring to what's on the screen,  
7 but in response to the question it will sound like exemplars.  
8 Let's be clear.

9 MR. KASHANI: Let me move this along.

10 BY MR. KASHANI:

11 Q. Mr. Sprague, did you come to any conclusion regarding  
12 the authenticity of the signature of Paul Edalat on the  
13 lease?

14 A. Yes.

15 Q. What conclusion did you come to?

16 A. That it was not his authentic signature.

17 Q. Did you come to any conclusion regarding whether or not  
18 the same hand signed the signature of Bruce Cahill and the  
19 signature of Paul Edalat on the lease?

20 A. No, I did not.

21 Q. What was the basis of your conclusion that the  
22 questioned signature of Paul Edalat was not his true  
23 signature?

24 A. I was given a number of known signatures of Mr. Edalat  
25 to compare to the questioned signature on this document. And

1 from looking at his known signatures and comparing it to this  
2 questioned document signature, I determined that it was not  
3 his authentic signature.

4 Q. There's another signature of Bruce Cahill. Did you come  
5 to any conclusion as to whether the signature of Bruce Cahill  
6 is authentic or not?

7 A. This -- the signature I was given, the known signature  
8 of Mr. Cahill, and this signature appear to be by the same  
9 hand.

10 Q. So it's your conclusion that the signature of Bruce  
11 Cahill on this lease is genuine, but the signature of Paul  
12 Edalat is not genuine?

13 A. That is correct.

14 Q. I'm going to show on the screen Exhibit 575, which is  
15 admitted.

16 MR. MARKHAM: What is this one that you're taking  
17 down now?

18 MR. KASHANI: Sorry. Sorry. Sorry. I didn't mean  
19 to do that. I'm offering -- the lease is Exhibit 74. I'm  
20 offering 575, which I think is an admitted exhibit.

21 THE COURT: All right. 74 is what was just on the  
22 screen?

23 MR. KASHANI: Yes, Your Honor.

24 THE COURT: 575 will be admitted without objection.

25 **(Exhibit 575 received.)**

1 BY MR. KASHANI:

2 Q. Sir, is Exhibit 575 your report on the signatures?

3 Would you like a hard copy? We can get you a hard copy.

4 A. I can read this. Yes.

5 Q. I'd like to show you the third page. Is this the page  
6 where you made the comparison of the known signature with the  
7 questioned signatures?

8 A. Yes. And there were other known signatures.

9 Q. And based on the comparison as shown here and other  
10 known signatures, you were able to conclude that in your  
11 opinion the signature of Paul Edalat on this lease is not  
12 genuine?

13 A. That is correct.

14 Q. All right. Thank you, sir.

15 MR. KASHANI: No further questions.

16 **CROSS-EXAMINATION**

17 BY MR. MARKHAM:

18 Q. I want to start by clarifying something if it needs  
19 clarification. You didn't make any finding that the  
20 signature that is purported to be Paul Edalat's was signed by  
21 Mr. Cahill's handwriting; did you?

22 A. Can you rephrase that?

23 Q. Did Mr. Cahill make the Paul Edalat signature? Are you  
24 suggesting --

25 A. I cannot determine that, no.

1 Q. You're not suggesting that; are you?

2 A. No.

3 Q. Okay. And when you say you got the known signature of  
4 Paul Edalat, what do you mean?

5 A. I was offered this document here that I cut and pasted  
6 the known signatures of Bruce Cahill and the known signatures  
7 of Paul Edalat.

8 Q. You used -- the question said what did you mean by  
9 known, and you used known in the answer. How did you know  
10 you were getting a genuine signature of Paul Edalat with  
11 which to compare to the signature on the lease?

12 A. The signatures I received was from a number of  
13 signatures by Paul Edalat tendered to me by Paul Edalat.

14 Q. You never saw him sign?

15 A. No.

16 Q. Have you ever done a handwriting analysis where the  
17 person whose signature is questioned comes before you and  
18 signs their name over and over again and then you use  
19 known -- those as the known signatures?

20 A. Yes.

21 Q. You've done that before; haven't you?

22 A. Yes.

23 Q. That's a frequent way to do it; isn't it?

24 A. I've done it both ways.

25 Q. Isn't the better approach for you to sit here under oath

1 and say you know that is the signature of Paul Edalat is to  
2 have seen him in person sign it in original in front of you?

3 A. Yes.

4 Q. And you didn't use that; did you?

5 A. No.

6 Q. You based your assumption that it was the known  
7 signature of Mr. Edalat on something he said to you and sent  
8 to you; correct?

9 A. Correct.

10 MR. MARKHAM: Nothing further.

11 **REDIRECT EXAMINATION**

12 BY MR. KASHANI:

13 Q. Mr. Sprague, the documents you were provided with  
14 Mr. Edalat's signature, were you provided the complete  
15 document?

16 A. Yes.

17 Q. One document here I noticed it's signed Paul Edalat,  
18 secretary of the meeting?

19 A. Correct.

20 Q. Is that from a corporate document?

21 A. Yes.

22 MR. KASHANI: I'd like to offer -- I'd like to  
23 show -- it's in evidence -- Exhibit --

24 BY MR. KASHANI:

25 Q. I'd like to show you what has been marked previously as

1 Exhibit 77 where it's Paul Edalat, secretary of the meeting.  
2 Is that one of the known signatures you were provided to your  
3 recollection?

4 A. I don't recall.

5 Q. Well, in any event, you were provided complete documents  
6 with the signatures on them?

7 A. Correct.

8 Q. All right. Thank you, sir.

9 MR. KASHANI: No further questions.

10 MR. MARKHAM: One more.

11 **RECROSS-EXAMINATION**

12 BY MR. MARKHAM:

13 Q. Were any of those signatures originals?

14 A. I don't believe so.

15 MR. MARKHAM: Nothing further.

16 MR. KASHANI: No further questions.

17 Thank you, sir.

18 THE COURT: You may step down.

19 THE WITNESS: May I be excused?

20 THE COURT: Yes, you may.

21 MR. MARKHAM: We have one very short witness if we  
22 may by stipulation.

23 THE COURT: All right.

24 MR. MARKHAM: Ms. Kira Cahill.

25 THE COURT: I'm sorry. What is by stipulation

1 here?

2 MR. MARKHAM: That we're calling her out of order  
3 now as opposed to --

4 THE COURT: That's Mr. Kashani is calling her?

5 MR. MARKHAM: No.

6 MR. KASHANI: I'm not calling her.

7 THE COURT: Then why would you be out of order?  
8 What am I missing here?

9 MR. MARKHAM: You're not. It's before we finish up  
10 with Mr. Cullen because of her schedule.

11 THE COURT: I'm sorry. I thought we were finished  
12 with Mr. Cullen.

13 MR. MARKHAM: No.

14 MR. KASHANI: No, we were not. I'm sorry,  
15 Your Honor.

16 THE COURT: Well, when you stepped down, there was  
17 confusion.

18 All right. So we're not finished with Mr. Cullen.  
19 All right.

20 MR. MARKHAM: Almost.

21 THE COURT: Back to your special calling.

22 You see, I thought you were allowing Mr. Kashani to  
23 call his witness out of order and that you were done with  
24 Mr. Cullen. It sure seemed you were done.

25 Did you have further recross on Mr. Cullen?



1 MR. KASHANI: Briefly, yes, I did.

2 THE COURT: All right. That was not clear. Now  
3 it's clear.

4 MR. MARKHAM: And I have a little bit more redirect  
5 on Mr. Cullen as well.

6 THE COURT: Time is flying, counsel. It's your  
7 time.

8 MR. MARKHAM: I know.

9 THE COURT: Please come forward.

10 **Kira Cahill, Plaintiff's witness, sworn**

11 THE CLERK: For the record, please state and spell  
12 your first and last name.

13 THE WITNESS: Kira Cahill, K-i-r-a, C-a-h-i-l-l.

14 THE COURT: All right. May I ask. She does not  
15 appear to be on the witness list either. Is she listed here  
16 perhaps as Karen?

17 MR. MARKHAM: No. I believe she's on Mr. Kashani's  
18 witness list.

19 MR. KASHANI: She's not on my witness list, but I  
20 have no objection to defendants calling this witness [sic].

21 THE COURT: Proceed.

22 Well, let me ask. I'm sure members of the jury  
23 have not met Ms. Cahill or know of her?

24 Okay. Go ahead.

25 **DIRECT EXAMINATION**

1 BY MR. MARKHAM:

2 Q. Well, you're an actress, so they may have seen you;  
3 correct?

4 A. That is true, yes.

5 THE COURT: Well, then, let me ask. She's an  
6 actress. Has anyone seen her?

7 Still nothing. Okay.

8 MR. MARKHAM: She wishes it were otherwise.

9 BY MR. MARKHAM:

10 Q. Ms. Cahill, what is your relationship to Bruce Cahill?

11 A. He's my dad.

12 Q. Okay. And what is your occupation?

13 A. I am an actress.

14 Q. Where did you go to high school?

15 A. I went to St. Margaret's Episcopal School.

16 Q. And did you go to college?

17 A. I did.

18 Q. Where?

19 A. University of San Diego.

20 Q. And when did you graduate?

21 A. 2013.

22 Q. And after you graduated, what did you do? That's four  
23 years ago. What have you been doing? Tell the jury briefly.

24 A. What have I been doing? I moved up to L.A. very soon  
25 after graduating, and I have been working there consistently

1 for the last four years. So, yeah. Oh, I guess as an  
2 actress and as a personal assistant.

3 Q. Do you have an ongoing narcotics habit?

4 A. No.

5 Q. Have you ever had a narcotics addiction?

6 A. No.

7 Q. Do you take drugs?

8 A. No.

9 Q. I want to read you something from --

10 MR. KASHANI: Your Honor, I feel this is --

11 THE COURT: What's your objection?

12 MR. KASHANI: Relevance and 403.

13 THE COURT: All right. There's no pending  
14 question. Let's let him finish.

15 What are you about to read from?

16 MR. MARKHAM: I'm about to read from a defendant  
17 Edalat statement published publicly in a complaint, docket  
18 number 44, filed 6/21/2016, page 33, making reference to her.

19 THE COURT: Any objection?

20 MR. KASHANI: Well, yes. I don't know how it's  
21 innate of any claim of this case. If it's published in a  
22 pleading, it doesn't go to their defamation claims. So what  
23 is the relevance? I think it's very inflammatory, as I  
24 understand it.

25 THE COURT: I don't know that inflammatory is an

1 objection. In fact, it's not.

2 Your response?

3 MR. MARKHAM: My response is that one of the  
4 allegations is that after the complaint was filed, Mr. Edalat  
5 said certain things that we'll bring out through him about  
6 threats of what he was going to do to the family, and this is  
7 one of the first incantations.

8 It is not offered as a libel. It is offered as a  
9 fulfilling his promise which was made in very colorful  
10 language to what he was going to do to Mr. Cahill and his  
11 family. His statement offered -- it is an 801(d)(2)(C) or  
12 (D) statement of a party representative. It's a statement in  
13 his pleading.

14 THE COURT: You said it's a statement, is his  
15 pleading?

16 MR. MARKHAM: The statement -- I'm sorry, Your  
17 Honor. The statement I'm about to read is in his pleading.

18 THE COURT: In what particular pleading?

19 MR. MARKHAM: In his complaint.

20 THE COURT: Okay. So he put this in his complaint?

21 MR. MARKHAM: Yes, Your Honor, docket 44 for the  
22 record, page 33.

23 THE COURT: Is this listed on the list of exhibits?

24 MR. MARKHAM: No. It's a statement of the party  
25 opponent. And certainly they've had it since they filed it.

1 MR. KASHANI: Well, wait a minute. Wait a minute.  
2 I object to that. I did not file this document. I  
3 personally had nothing to do with this document.

4 MR. MARKHAM: That's true, but that's not relevant.

5 THE COURT: So you're representing to me that this  
6 is a complaint that was filed by Mr. Edalat apparently from  
7 an attorney other than his present attorney; correct?

8 MR. MARKHAM: When that attorney was currently the  
9 officer of the Court and the counsel of record and he was  
10 speaking on behalf of Mr. Edalat, and it makes reference to  
11 something that Edalat says he's informed about. And I  
12 believe it comes in under the citations that I stated.

13 THE COURT: The objection is overruled. It's  
14 certainly not offered to prove the truth by the plaintiff.  
15 BY MR. MARKHAM:

16 Q. Now, I want to read something to you. Edalat is  
17 informed based upon belief that Kira Investments is the  
18 vehicle through which plaintiff Cahill funnels money to his  
19 daughter, Kira Cahill. Plaintiff Cahill had previously made  
20 statements in late 2015 to Edalat and others that his  
21 daughter had blown through over \$100,000 in less than three  
22 months due to her Hollywood lifestyle. Furthermore,  
23 plaintiff Cahill had alluded to Cahill's ongoing narcotics  
24 habit.

25 Now, again, did you ever have an ongoing narcotics

1 habit?

2 A. Absolutely not.

3 Q. Have you ever done anything to Mr. Edalat?

4 A. No.

5 MR. MARKHAM: Nothing further, Your Honor.

6 MR. KASHANI: No questions for this witness.

7 THE COURT: Thank you. You may step down.

8 Next, where are we now?

9 MR. MARKHAM: We're back to Mr. Cullen. I've got  
10 nothing further for you, now that I think of it.

11 **Greg Cullen, Plaintiffs' witness, previously sworn**

12 **RECROSS-EXAMINATION**

13 BY MR. KASHANI:

14 Q. Mr. Cullen, you stated that you -- at the time of the  
15 transfer of assets, did you advertise the assets to see if  
16 you could find other buyers?

17 A. Again, I was a buyer. I was not a seller. That might  
18 be a good question for PharmaPak, whether they advertised  
19 them.

20 Q. Well, to your knowledge, sir, was any advertising done  
21 to find other potential buyers of these assets?

22 A. Not to my knowledge.

23 Q. To your knowledge, sir, was, for example, a broker  
24 engaged, a business broker, to try to sell the assets on the  
25 open market?

1 A. Not to my knowledge.

2 Q. To your knowledge were competitors of PharmaPak  
3 contacted to see if they would buy out the assets?

4 A. I don't know the answer to that.

5 Q. So there was only ever one buyer and one seller, and the  
6 buyer was Life Tech; right?

7 A. The buyer was indeed Life Tech.

8 Q. Mr. Markham showed you some liens. Were any of those  
9 liens on PharmaPak?

10 A. I did not see any against PharmaPak.

11 Q. Were any of those liens on Sentar Pharmaceuticals?

12 A. Sentar was not named on those liens.

13 Q. You have stated that at one point Mr. Edalat offered to  
14 turn over his shares. Do you recall that?

15 A. In Sentar?

16 Q. No. In PharmaPak.

17 A. Yes, I do recall that.

18 Q. Now, there's a mechanism to turn over shares. You turn  
19 over the certificate and sign it; right?

20 A. Yes. That would happen in the ordinary course of events  
21 eventually, yes.

22 Q. Did that ever happen?

23 A. It did not happen.

24 Q. When Mr. Edalat, as you say -- well, withdrawn.

25 When you claimed that Mr. Edalat made the offer to

1 just turn over his shares, did someone put a piece of paper  
2 in front of him and say: Fine, let's resolve this right now.  
3 Let's get it told. Just sign this. You'll turn over the  
4 shares and we'll move on?

5 A. Nobody came -- actually nobody was prepared for that  
6 response, to be honest.

7 Q. Well, everyone has an iPhone, right, or some kind of  
8 phone?

9 A. Yes.

10 Q. Did anyone ask him, okay, just send us a text message.  
11 You're going to give us your shares and then you leave the  
12 room. We'll divide them up and we'll tell you what the deal  
13 is?

14 A. Well, nobody showed up with share certificates to that  
15 meeting, sir.

16 Q. They showed up with phones?

17 A. Yes.

18 Q. Okay. Did anyone ask Mr. Edalat at this meeting: Okay.  
19 We want a record. You made a generous offer. Send us a text  
20 that you're going to give us the shares, and then we'll  
21 divide them up and we'll be done?

22 A. No. His response was: Ron, you're a fair guy. Figure  
23 out how to divide it up. And then my recollection is he  
24 threw up his arms and left.

25 MR. KASHANI: Move to strike as nonresponsive.



1 BY MR. KASHANI:

2 Q. Did anyone ask Mr. Edalat to just send a text saying:  
3 Give us the shares. We'll divide them up and we'll be done,  
4 and then you have a record?

5 THE COURT: Apparently you didn't want a ruling on  
6 your motion. There's a question pending.

7 BY MR. KASHANI:

8 Q. Let me rephrase. Do you have any written record of any  
9 kind of this supposed offer by Mr. Edalat to just turn over  
10 his shares and walk away?

11 A. I do not.

12 Q. All right. Thank you, sir.

13 MR. KASHANI: No further questions.

14 MR. MARKHAM: One question.

15 **FURTHER REDIRECT EXAMINATION**

16 BY MR. MARKHAM:

17 Q. Did he ever to your knowledge pay in any money when you  
18 asked people to pay in money to keep the company going?

19 MR. KASHANI: That's asked and answered and outside  
20 the scope of my examination.

21 THE COURT: Overruled.

22 THE WITNESS: He did not.

23 MR. MARKHAM: Nothing further, Your Honor.

24 MR. KASHANI: I'm done.

25 THE COURT: All right.

1           You may step down.

2           Plaintiff will call its next witness.

3           MR. MARKHAM: Yes. Mrs. Karen Cahill.

4           **Karen Cahill, Plaintiff's witness, sworn**

5           THE CLERK: If you wil please state and spell your  
6 first and last name.

7           THE WITNESS: Karen, K-a-r-e-n. Last name, Cahill,  
8 C-a-h-i-l-l.

9           THE COURT: How long do you anticipate with this  
10 witness?

11          MR. MARKHAM: I'll be about maybe five minutes, six  
12 minutes.

13          THE COURT: Go ahead.

14                               **DIRECT EXAMINATION**

15 BY MR. MARKHAM:

16 Q. Good afternoon, Mrs. Cahill.

17 A. Good afternoon, Mr. Markham.

18 Q. Where do you live?

19 A. I live in Laguna Beach, 1330 Moorea Way.

20 Q. Are you married?

21 A. Yes.

22 Q. Who are you married -- to whom are you married?

23 A. Bruce Cahill.

24 Q. How long have you been married?

25 A. 29 years.

1 Q. Okay. Do you have any children?

2 A. Yes. Two.

3 Q. Who?

4 A. Kira Cahill, who is 26, and our son Brent Cahill, who is  
5 20.

6 Q. What is your occupation?

7 A. I choreograph musical theater at a small school in San  
8 Juan Capistrano called St. Margaret's Episcopal School.

9 Q. And before that -- how long have you been doing that?

10 A. Whoa. 16 years.

11 Q. And before that what did you do?

12 A. I was both a performer in a show called Holiday on Ice  
13 Europe --

14 Q. Is that a skating --

15 A. It is. Then for ten years I choreographed a skating  
16 show called Ice Capades.

17 Q. You were a skater?

18 A. Yes.

19 Q. Ever get close to the Olympics?

20 A. Close. Almost. In 1971, if I get my years right, I was  
21 in the top three in Canada. And then in 1972, which would  
22 have been the Olympic year, I was plagued with horrible  
23 injuries, which is why I tell my students to stay in school.

24 Q. All right. Now, do you and Mr. Cahill live in a large  
25 house?

1 A. Yes, we do.

2 Q. Just generally describe the house to the jury, please.

3 A. There's about seven bathrooms -- I'm sorry. I mean  
4 seven bedrooms and probably ten bathrooms or so. It's up on  
5 a hill. It's a gorgeous place.

6 Q. And does it have a lot of places -- living rooms dining  
7 rooms, patios, and lawns for the purposes of --

8 A. It has a living room. Oh, go ahead. I'm sorry.

9 Q. -- for the purposes of holding meetings and having  
10 gatherings?

11 A. The story actually is that we gave a wish list to our  
12 architect. When he came back with the plans which he took  
13 forever to do, it was too large, but we decided that we  
14 didn't want to wait another eight months to get drawings. So  
15 we decided if we were going to build it, we were going to use  
16 it for charity.

17 Q. And have you used that building for charity?

18 A. Multiple times a year.

19 Q. For how many years?

20 A. The entire time we've been there, really.

21 Q. And that's how many years?

22 A. I think we moved in in 1996.

23 Q. All right.

24 A. I'm not remembering that exactly, but it's somewhere in  
25 there.

1 Q. And what -- tell the jury what charities you help and  
2 how you help those charities using that big space.

3 A. Okay. So we host --

4 MR. KASHANI: Your Honor, excuse me. I have a 403  
5 objection and relevance objection to this. I mean, we've  
6 heard about --

7 THE COURT: Just a moment.

8 Yes. How is this relevant and worthy of the time?

9 MR. MARKHAM: Five minutes. And it's worthy of the  
10 time I believe because there is a defamation claim here. The  
11 work that Mr. Cahill does as she's going to describe it in  
12 the next three minutes, interacting with the people to raise  
13 money for charities, is impacted by the denigration that has  
14 occurred.

15 THE COURT: The objection is overruled.

16 THE WITNESS: All right. So our largest is called  
17 Sea Change, and it's for a group called Oceana, which is --

18 MR. MARKHAM: Excuse me. I don't mean to  
19 interrupt.

20 I should have said threatened, not denigrated, Your  
21 Honor. I apologize.

22 BY MR. MARKHAM:

23 Q. Go ahead.

24 A. -- which is the world's largest oceans conservancy  
25 group. They understand that 75 percent of the world lives

1 off the ocean. If those oceans are damaged, those people  
2 can't survive. So that's our largest, and it's substantial.  
3 It's about 380 to 400 people. We just did it two weeks ago.

4 Q. And how is it that you do it, and how does it make  
5 money?

6 A. Okay. So it makes money through two ways -- ticket  
7 sales, and we are blessed to have donations from South Coast  
8 Plaza primarily giving us auction items. So I think over the  
9 past maybe ten years, we've raised \$13 million for the ocean.

10 Q. And there are other charities. I won't detail them, but  
11 are there other charities where you do similar work?

12 A. Yes.

13 Q. What is Mr. Cahill's visible role --

14 A. Oh, he's the supreme --

15 Q. -- in connection with these charities and the charity  
16 events?

17 A. He's the supreme host. I mean, he's just incredible  
18 with the guests and totally supports the causes. And it's --  
19 it's great team work actually.

20 Q. And how is it that his name and reputation impact on how  
21 these people are treated and whether they come to the charity  
22 event?

23 A. I think that if it was -- if his reputation is damaged,  
24 these people probably are not going to want to come and  
25 donate to causes that we support and come to our home.

1 MR. KASHANI: Object and move to strike as  
2 nonresponsive, and speculation.

3 THE COURT: Overruled.

4 BY MR. MARKHAM:

5 Q. Have you seen the posts of Ms. Karpinski?

6 A. Of course.

7 Q. Have you seen the post where she says that Mr. Cahill  
8 sexually assaulted her?

9 A. Of course.

10 Q. Have you seen the post of Mr. Edalat where he puts up a  
11 picture of Bernie Madoff and a picture of Mr. Cahill right  
12 next to him and calls Mr. Cahill the Bernie Madoff of the  
13 West Coast?

14 A. I have.

15 Q. Have you seen the post where it indicates with him in  
16 his UC Irvine cap and gown on with allegations of sexual  
17 harassment and misconduct?

18 A. I have.

19 Q. In your experience as somebody doing charity for a long  
20 time, are those public pronouncements impactful on somebody's  
21 ability to induce rich folks to come over and give to a  
22 charity like Oceana?

23 A. Of course.

24 MR. KASHANI: Foundation.

25 MR. MARKHAM: What?

1 MR. KASHANI: Foundation objection.

2 THE COURT: Just a moment.

3 MR. KASHANI: And speculation.

4 THE COURT: Well, the better objection might be  
5 calls for opinion testimony, but it is based on her  
6 experience and therefore I think suitable as a percipient  
7 witness with this witness's experience.

8 Overruled.

9 BY MR. MARKHAM:

10 Q. What's your answer?

11 A. Yes.

12 Q. Have you observed your husband's reaction to these posts  
13 as they started coming in last year? Yes or no?

14 A. I think he was appalled.

15 Q. All right. Did he have any --

16 MR. KASHANI: Your Honor, could I ask about the  
17 timing? I don't want to be the one to keep this jury past  
18 1:30.

19 MR. MARKHAM: You know what? I'll stop it right  
20 now. We can come back next week.

21 THE COURT: Well, let me ask.

22 How much do you anticipate?

23 MR. KASHANI: Very brief.

24 THE COURT: I need a number.

25 MR. KASHANI: Less than five minutes if Mr. Markham



1 finishes now.

2 THE COURT: Are you concluded?

3 MR. MARKHAM: I'm not, and I do not believe this  
4 witness who is in our regular order has any problem coming  
5 back next Tuesday so that the jury can leave at their regular  
6 time.

7 THE COURT: It's your call. What would you like to  
8 do?

9 MR. MARKHAM: I'd like to keep going. And then  
10 if --

11 THE COURT: You have one more minute, then.

12 MR. MARKHAM: Beg your pardon?

13 THE COURT: You have one more minute.

14 MR. MARKHAM: Okay.

15 BY MR. MARKHAM:

16 Q. Have you seen any reaction from him other than being  
17 appalled at being posted as someone who sexually assaulted,  
18 sexually harassed?

19 A. You know, I think that he was, like I said, appalled.  
20 But I think also when your integrity is threatened by  
21 someone, it's -- you have to be very secure within yourself  
22 as who you are as a human being to not let that totally  
23 destroy you.

24 He knows that he has 100 percent of his family, his  
25 children, his business associates, everyone on the UCI board,

1 the Rose-Hulman Institute of Technology board. I think he  
2 knows he has many, many good, upstanding people behind him.  
3 And I think that's helpful.

4 Q. Are you very -- are you close to your daughter?

5 A. Very.

6 Q. Do you know whether or not she has ever had a narcotics  
7 habit?

8 A. Never.

9 THE COURT: Hold on. That means she doesn't know.

10 MR. MARKHAM: You're right.

11 BY MR. MARKHAM:

12 Q. Are you aware -- well, do you know whether or not she  
13 has a drug habit, yes or no, narcotics habit? Do you know?

14 A. I know she does not.

15 MR. MARKHAM: All right. I have nothing further.

16 THE COURT: All right. Tell me how much time  
17 you'll need.

18 MR. KASHANI: With those extra questions, it's 10  
19 or 15 minutes now.

20 THE COURT: Okay. It's 10 or 15 minutes?

21 MR. KASHANI: Yes. Again, I don't want to be  
22 responsible for keeping this jury past 1:30.

23 MR. MARKHAM: She can come back on Tuesday.

24 THE COURT: All right. There we have it.

25 Thank you, and we'll need to see you, then, on

1 Tuesday at 9:00.

2 And we'll be ending this case next week. Remember,  
3 don't research the case. Don't discuss the case. Keep an  
4 open mind. We'll see you Tuesday, not Monday. You can come  
5 in on Monday and watch us do law and motion, but you probably  
6 don't want to. I wouldn't recommend it.

7 So we'll see you Tuesday at 9:00. Thank you.

8 THE CLERK: All rise.

9 (Open court - jury not present)

10 THE COURT: Okay. So you may step down, ma'am.

11 THE WITNESS: Thank you.

12 THE COURT: I don't have a two-minute warning. I  
13 have a two-day warning. We told this jury this would be  
14 completed on Wednesday. Frankly, our timing might spill over  
15 into Thursday, particularly given some of the issues that  
16 remain unresolved on things like jury instructions.

17 You all may be seated if you wish. I would ask for  
18 you to e-mail me as soon as you know where you're standing on  
19 jury instructions. I'm looking for a card and I'm not  
20 finding one.

21 Here's what I'm going to do, then. I'm going to  
22 send plaintiff's counsel my address with the order that had  
23 you send it to everyone, even -- send to everyone just so  
24 everyone has got the same thing.

25 What is your address?

1 MR. MARKHAM: Both counsel. It's

2 jmarkham@markhamread.com. Markhamread is one word.

3 THE COURT: Okay. Jmarkham@markhamread.com.

4 MR. MARKHAM: R-e-a-d.

5 THE COURT: All right. So by receiving this,  
6 you'll have my address. And regardless of what you do,  
7 before the end of today just send that to them so it's not a  
8 one-sided ex-parte communication. Okay?

9 MR. MARKHAM: Of course.

10 THE COURT: Then you'll both have my address. The  
11 purpose for giving this to you is for both of you to let me  
12 know where we stand on the jury instructions.

13 Now, I've given the two-day warning. I have after  
14 suitable adjustments the plaintiff at 10:45, 10 hours 45  
15 minutes; the defense at 9 hours 35 minutes.

16 Boy, I must say, Mr. Cullen was an interesting  
17 witness, but you've got some others on there and you've got  
18 some others on there. I would have allocated it differently  
19 than all the time we spent back and forth and back and forth  
20 on Cullen when we don't have yet Mr. Edalat or Mr. Cahill or  
21 Ms. Karpinski. But it's your call.

22 MR. MARKHAM: Yes, Your Honor.

23 THE COURT: I think you might have allocated that  
24 time differently.

25 Any further questions?

1 MR. KASHANI: Your Honor, this is something that  
2 we -- first of all, our count doesn't quite match, but that's  
3 not my main question.

4 THE COURT: Let me explain.

5 MR. KASHANI: That's not my main question.

6 THE COURT: Have you included the time for jury  
7 selection?

8 MR. KASHANI: I don't think so. Your Honor, that  
9 wasn't my main question. I'm not concerned about the count.

10 THE COURT: I'm telling you as I've told you before  
11 when I last gave you the time and as my notice says, we've  
12 told the jury Wednesday. I need Wednesday for the jury to  
13 begin its deliberations.

14 I could give you all the reasons why that's the  
15 case. I give you an extra day. I did not -- we need to end  
16 by Wednesday, and these times are not going to get us to  
17 Wednesday. The allocation includes things like video,  
18 objections, cases that we then have to review at length. It  
19 includes the jury selection. So that may be why we don't  
20 line up.

21 What's your point?

22 MR. KASHANI: My question was not -- I'm not  
23 challenging -- I've discussed this with my colleague, which  
24 is hours versus days. The question very briefly put is if  
25 there are hours left but not days, which controls?

1 THE COURT: I'm not sure what that means.

2 By the way, the time still leaves you both with an  
3 hour for closing argument, just so you're aware of that.  
4 It's all in the orders. I've sent it out over and over.

5 MR. MARKHAM: When you say those numbers, they're  
6 daunting. I had forgotten momentarily.

7 THE COURT: Okay. I suggest you read orders sent  
8 out by the Court. If we need to spill over into Thursday, as  
9 is looking likely, we'll spill over into Thursday.

10 MR. KASHANI: That answers my question. That was  
11 only my question. Again, it's something we discussed.

12 MR. MARKHAM: Can we send you our view on whether  
13 or not there are any shortening of the jury instructions?  
14 Would you like, if we have it -- of course, assuming I send  
15 it to opposing counsel -- a copy of the transcript of the  
16 tape recording that we're going to be playing on Tuesday of  
17 Amir Asvadi? We will have a transcript. I don't know  
18 whether you'd get to it over the weekend if we could make it  
19 available. Or do you want to wait until you hear -- I guess  
20 maybe until you get objections?

21 THE COURT: I really don't want to be reading that  
22 until you tell me that I need to make rulings. I certainly  
23 wouldn't want to read it without knowing what rulings I need  
24 to make.

25 MR. MARKHAM: Very well.

1 THE COURT: I suggest you send me the transcript as  
2 soon as you can with instructions on what rulings I need to  
3 make on that. Okay?

4 MR. MARKHAM: Mr. Kashani will be the one to do  
5 that, because I'm going to send it to him this afternoon. He  
6 can let you know what, if anything --

7 THE COURT: I would appreciate it if you could send  
8 it to me with that information so I can keep the trial moving  
9 along.

10 Anything else.

11 MR. MARKHAM: Not from plaintiffs.

12 THE COURT: All right, then. Have a nice weekend.

13 MR. KASHANI: We resume at 9:00 on Tuesday, Your  
14 Honor?

15 THE COURT: Yes.

16 MR. KASHANI: That's always the last question I  
17 have at the end of the day.

18 THE COURT: There we go.

19 MR. KASHANI: Thank you.

20 (Proceedings adjourned at 1:38 p.m.)  
21  
22  
23  
24  
25

CERTIFICATE

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT  
TRANSCRIPT OF THE STENOGRAPHICALLY RECORDED PROCEEDINGS IN  
THE ABOVE MATTER.

FEES CHARGED FOR THIS TRANSCRIPT, LESS ANY CIRCUIT FEE  
REDUCTION AND/OR DEPOSIT, ARE IN CONFORMANCE WITH THE  
REGULATIONS OF THE JUDICIAL CONFERENCE OF THE UNITED STATES.

/s/ Miriam V. Baird

08/01/2017

MIRIAM V. BAIRD  
OFFICIAL REPORTER

DATE